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# **Daily Report—**

## **East Asia**

**FBIS-EAS-95-120  
Thursday  
22 June 1995**

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# Daily Report

## East Asia

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## Japan

**Murayama: Resolve Auto Dispute Via Negotiations**  
*OW2206100595 Tokyo KYODO in English  
0628 GMT 22 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Prime Minister Tomiichi Murayama said Thursday [22 June] the Japan-U.S. auto dispute should be resolved via talks and in a manner that would win the global community's understanding.

Speaking at a press conference, Murayama said it is necessary for both parties to search for ways to resolve the issue through negotiations.

Murayama was urging the United States to withdraw its plan to slap punitive tariffs of 100 percent on some Japanese luxury car imports if no accord is struck by June 28.

He also said the Japanese Government will not force carmakers to formulate and disclose voluntary production plans in North America, an issue at the center of the auto wrangling.

This reflects Japan's vowed policy of rejecting any request for government involvement in private-sector auto business.

The comments came immediately before the start of subcabinet-level talks starting Thursday in Geneva.

Speculation is growing that the issue will be settled with Tokyo agreeing to let Japanese makers make output expansion plans in North America.

The proposal is seen as an indirect response to Washington's call for Japanese carmakers to make specific commitments for an expanded use of American-made components under the so-called "voluntary" plans.

Expanded output in North America would lead to more use of locally made parts by Japanese makers, thus meeting the U.S. goal.

"The dispute should be resolved in a manner that would win the global community's understanding," Murayama said, brushing off any ideas tied to numerical targets or output plans under government management.

On another issue, review of Japan's land tax system, Murayama said the government will clarify its stance after assessing suggestions to be made by the Tax Commission, his advisory body.

Murayama was commenting on calls by the business community for relaxation of landholding tax and securities transaction tax.

## Hashimoto: No Change in Basic Auto Policy

*OW2206095795 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 21 Jun 95 Evening Edition p 2*

[FBIS Translated Text] During the cabinet meeting on the morning of 21 June, while discussing the 22-23 June Japan-U.S. vice-ministerial talks on automobiles and auto parts held in Geneva, Ryutaro Hashimoto, minister of international trade and industry, said: "We are doing everything in our power to reach a compromise. However, we do not intend to change our basic policy of refusing to interfere in corporate activities." He reiterated that the government has no intention to intervene in private companies' part procurement plans.

Hashimoto claimed that, "If we accept the United States' demand, this will inevitably affect other industries and other countries." He stressed that "This may also result in the loss of Japan's credibility in the international community."

## Hashimoto on 'Voluntary' Auto Parts Plans

*OW2206081295 Tokyo KYODO in English  
0644 GMT 22 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — The government cannot force Japanese automakers to step up their "voluntary" auto parts purchasing plans as requested by the United States, International Trade and Industry Minister Ryutaro Hashimoto said Thursday [22 June].

"The government cannot force anything on the private sector. The top management of the firms make their own decisions," he said at a seminar held in a Tokyo hotel. "It would not be good for Japan" if the government resorted to telling them what to do, he said.

"I hope the U.S. drops their demand," he said, implying that if Washington does so, there might be a breakthrough in the auto trade talks between Japanese and U.S. vice ministers from Thursday in Geneva.

Calling the continued U.S. demand for numerical targets in Japan's auto parts purchasing plan "a problem," Hashimoto said "there are some things we just cannot concede."

Nonetheless, he expressed hope that the two sides will somehow manage to reach a solution in the talks.

Japan's assertion that the threat of U.S. tariffs on Japanese luxury auto imports is against World Trade Organization (WTO) rules is likely to draw understanding from the international community, he said.

On the other hand, Hashimoto admitted that it would not be so easy to convince other countries of the openness

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of the Japanese market. "I don't think our market is as closed as critics say, but it is not entirely without problems," he said.

In this respect, it is important to speed up industry deregulation and lift any unfair practices in the private sector, the minister said.

Hashimoto criticized U.S. automakers as not trying hard enough to market their products in Japan.

While European automakers have established their own inspection facilities in Japan, the U.S. "Big Three" have none despite the five years of investment here, he said.

He also noted that there are no "Big Three" models with engine capacity of below 2000 cc, even though such cars make up the bulk of demand in the Japanese market. In contrast, European carmakers are selling many such models, he said.

On the domestic economy, Hashimoto expressed concern about the rising yen and the growing sense of uncertainty among industries.

The minister proposed issuance of deficit-covering bonds as a way to finance an expected supplementary budget for this current year.

"Issuance of deficit-financing bonds is necessary for the second supplementary budget," he said.

**Auto Negotiator Sees 'No Chance' of Breakthrough**

*OW2106172695 Tokyo KYODO in English  
1710 GMT 21 Jun 95*

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 21 KYODO — Japan's top auto negotiator said Wednesday [21 June] he sees no chance of a breakthrough with the United States as neither side was flinching on the eve of make-or-break talks.

Plans by Japanese automakers to boost foreign parts buying, reported in recent days, will not "be a basis for progress in the negotiations" Thursday and Friday in Geneva, said Yoshihiro Sakamoto, vice minister for international affairs of the Ministry of International Trade and Industry (MITI).

Both sides have painted themselves into a corner, with MITI Minister Ryutaro Hashimoto saying Tokyo has made its best offer but Washington is demanding more, Sakamoto told a news conference.

Just hours earlier, U.S. Commerce Undersecretary Jeffrey Garten had hinted that the widely reported plans for boosting overseas production and the locally produced content of Japanese vehicles made abroad could be a

way to avoid spelling out specific amounts of purchase increases.

But Sakamoto countered that the point of the talks is "not so much to agree on the sales output or the local content of Japanese manufacturers but to provide some help to offer sales incentives to American and other manufacturers which are competitive and which provide attractive products to Japanese consumers."

Sakamoto also revealed that Japan, although it is mulling retaliation to threatened U.S. sanctions due June 28, will not launch countersanctions right away. MITI officials have recently been mum on such moves, but Sakamoto said any retaliation would follow World Trade Organization (WTO) rules, which would take months at least.

"One of the hard core issues of these negotiations has been the insistence on the side of the U.S. on a government-to-government agreement favorable to the United States," which would violate WTO rules, Sakamoto said.

He said the U.S. is very likely to stick to that insistence and that if they do, "I absolutely cannot be optimistic."

President Bill Clinton repeated over the weekend during a major powers' summit in Canada that he will slap 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars if no deal is struck by the deadline.

Although Clinton and Prime Minister Tomiichi Murayama repeatedly expressed hope for the Geneva vice ministerial talks when they met just before the Group of Seven summit and told their negotiators to redouble their efforts to find a deal, Sakamoto indicated he has been given no leeway from the government to compromise.

"I believe it is possible to double and redouble efforts at convincing the other side with the cards in your hand," he said.

**Negotiators Meet for 'Last-Ditch' Auto Talks**

*OW2206011695 Tokyo KYODO in English  
0052 GMT 22 Jun 95*

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 22 KYODO — Top Japanese and U.S. auto negotiators sit down later Thursday [22 June] for last-ditch talks, with both sides vowing to work for a deal but showing no signs of softening their entrenched positions.

U.S. Commerce Undersecretary Jeffrey Garten said both sides remain "far apart on every area and we're looking for substantial movement on the Japanese side," while

his Japanese counterpart Yoshihiro Sakamoto repeated that Japan has made its best offer.

With threatened U.S. trade sanctions to kick in if no deal is struck by next Wednesday, Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry (MITI), showed no signs of budging on Japan's refusal of what it calls "numerical targets" for increased purchases of foreign parts.

Garten, however, said the United States still wants "criteria by which to measure on a regular basis whether (an agreement) is working."

Sakamoto said that if the U.S. continues to demand "a government- to-government agreement favorable to the U.S.," which he expects it will, "I absolutely cannot be optimistic."

Ira Shapiro, the vice minister-level general counsel to the Office of the U.S. Trade Representative, expressly ruled out any partial deals that would postpone sanctions while a final accord is worked out on the thorniest aspects, such as U.S. calls for "voluntary plans" by Japanese carmakers to boost their foreign parts purchases.

Both sides were publicly cool Wednesday to hints of compromise, ahead of the Thursday and Friday vice-ministerial talks, despite publicly issued orders from President Bill Clinton and Prime Minister Tomiichi Murayama for negotiators to redouble their efforts to make a deal.

Indeed, Masahide Ochi, vice transport minister for international affairs, had reservations to fly home Friday despite indications the U.S. is willing to hold talks down to the wire if needed, a ministry official said, but added Ochi's plans could change.

On the other hand, the public statements lacked some of the harsh rhetoric of earlier exchanges, and Garten indicated things have become a bit more businesslike and the ideological posturing has toned down.

The talks starting Thursday afternoon, which also cover foreign access to dealerships and deregulating the repair parts market, run parallel to talks on a complaint Japan lodged with the Geneva-based World Trade Organization (WTO) against the unilateral U.S. move to slap 100 percent tariffs on 13 models of Japanese luxury cars, retroactive to May 20, if the deadline is not met.

Sakamoto is attending to the WTO talks, a Japanese official said, to show the importance Japan attaches to those narrower, legalistic discussions.

But Garten and Shapiro are attending only the high-profile trade talks, which are held without precondition, unrelated to Tokyo's WTO case and outside of the

bilateral trade "framework" of which they represent the final area of dispute, officials said.

The vice-ministerial talks will not cover reported plans by Japanese automakers to boost overseas production and make a greater portion of their cars from locally procured parts, Sakamoto said, while U.S. Trade Representative Mickey Kantor in Washington pronounced himself unimpressed with the corporate plans, reported in a flurry of Japanese news reports.

Garten appeared to leave some room for agreeing on such production and local content increases and skirting direct mention of parts purchase increases. "In the end we're talking about the same thing," he said.

But he tempered that apparent flexibility by saying that regardless of initial wording, "we have to get below the rhetoric and get to parts because that's a major part of the negotiations."

U.S. officials, particularly from the U.S. Embassy in Tokyo, say the U.S. will drop the demand for voluntary plans if Japan offers another way to meet the framework goal of higher foreign parts sales, and they suggest such avenues as higher overseas production and local content.

Garten also insisted, recognizing Japanese concerns that simple goals are later taken as official promises, that Japan would not be held to account if the makers do not meet their planned purchases.

"When we say voluntary, we mean voluntary," he said.

**Sakamoto: Auto 'Sanctions' Not Tokyo's Problem**

OW2206125395 Tokyo KYODO in English  
1232 GMT 22 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 22 KYODO — Japan and the United States took their auto trade dispute to the last round Thursday [22 June], starting high-level talks with both sides clinging to their entrenched positions.

Senior officials of both sides said before the start of the vice-ministerial talks that no change had been seen from the day before, when there were no signs of flinching despite the threat of trade sanctions due next Wednesday.

Imposing sanctions "is America's problem, it's not Japan's problem," said Yoshihiro Sakamoto, vice minister for international affairs at Japan's Ministry of International Trade and Industry (MITI). If Washington wants to take the move, "please, go ahead, you're free to do so," he told reporters.

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As U.S. Commerce Undersecretary Jeffrey Garten and Ira Shapiro, general counsel of the office of the U.S. Trade Representative, entered the Japanese UN Mission, Shapiro said they had come "to negotiate meaningful, concrete agreements to open the market" before the sanctions deadline.

Booth Gardener, U.S. Ambassador to the World Trade Organization (WTO), indicated that both sides would offer new ideas during the two-day talks, but he also said there was no change from the previous day's hard-line positions.

Sakamoto, emerging from a morning session on Japan's WTO complaint against the threatened sanctions — talks that run parallel to the high-profile vice-ministerial negotiations — refused to confirm or deny any new offers.

But he also said the situation has not changed and earlier told reporters at his hotel that Japan has no new offers and sees no agreement as things now stand.

Garten tried to shift the public focus from auto trade sanctions, over which Washington has been vilified by the European Union and many other nations, to its general call for Japan to open its allegedly closed markets, an issue on which the U.S. has broad support.

The talks "are about autos and auto parts, sure, but more significantly, they are more about opening the Japanese market and being able to assess the progress once that market is open," Garten said.

"It's a big issue to the world trading system itself, as well, that Japan has a more open market to assume a greater role of responsibility in making the world trading system expand rather than contract," he said.

But if the two sides do not strike a deal by Wednesday, President Bill Clinton vows to slap 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars, retroactive to May 20.

A flurry of Japanese press reports has indicated moves at a private sector-led compromise, saying the five major carmakers are drafting plans to boost their North American vehicle production to some three million a year from a current 2.57 million, increase the local content of overseas-produced vehicles and boost overseas production of engines and other key components.

All such moves would address the U.S. demand for "significant increases" in foreign-parts purchases by Japanese automakers.

Gardener said such private efforts "would be part of the discussions," while Shapiro said the day before the U.S. would be happy if "the private sector leads the way."

But Sakamoto, who ruled out Wednesday any discussion by negotiators of Japanese corporate plans, said Thursday, "what the private sector does is the private sector's decision."

Sakamoto and Gardener indicated little action in the technical WTO talks, which have become a sideline to the vice minister talks. Japan again urged the U.S. to withdraw the threatened sanctions, which it says clearly violate WTO rules. It vowed to seek action with a dispute resolution panel if the U.S. refuses.

#### Mitsubishi Suspending Diamante Exports to U.S.

*OW2206041495 Tokyo KYODO in English  
0357 GMT 22 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Mitsubishi Motors Corp. will suspend production and exports to the United States from July to September of its Diamante luxury car model which is on a threatened U.S. sanctions list, company officials said Thursday [22 June].

The officials said that because the inventory of the car model in the U.S. is abundant, suspension of production and exports will not affect supply to local dealerships there.

The company will decide on its production plan for the latter half of the current fiscal year in view of sales in the future, they said.

Mitsubishi's Diamante is one of 13 Japanese luxury car models preliminarily listed by the U.S. last month for sanctions aimed at prying open Japan's auto and auto parts markets.

#### Nissan To Boost Local Parts in U.S.-Built Autos

*OW2206122595 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 22 Jun 95 Morning Edition p 1*

[FBIS Translated Text] Nissan Motor Company will decide on a management plan within this week, and the plan primarily aims to increase the ratio of Nissan's local content in autos made in North America. The major automaker will replace the current plan for the purchase of auto parts (the voluntary plan) with the management plan as its own independent business plan. Under the management plan, Nissan will increase the procurement of major auto parts in the United States and study the possibility of relocating part of the auto parts production currently in Mexico to the United States. In Japan, the major automaker will set up an office charged with supplying information to American automakers. Nissan will unveil the management plan as soon as it obtains hard evidence that the United States no longer sticks to the demand for setting "numerical

targets" for the purchase of U.S.-made auto parts by Japanese automakers and the ratio of their local content in the United States. Nissan was the first of the five major Japanese automakers to react harshly against the U.S. plan to slap sanctions on Japan. Nissan also has been cautious about drawing up its voluntary plan. Now that Nissan has altered its position, the five major automakers are fully prepared to look for areas of compromise in the Japan-U.S. auto negotiations. Japan and the United States will hold vice-ministerial talks on automobiles in Geneva for two days beginning 22 June and attention will focus on how the U.S. side assesses voluntary plans at the talks.

High on the items of American-made auto parts that the United States wants Japanese automakers to buy are transmissions and other high-value-added auto parts. America Nissan (NMMC based in Smyrna, Tennessee) plans to build a new engine plant in the spring of 1997 in (Degard [name as transliterated], Tennessee) and the new engine plant will assemble 200,000 engines with 2,400 cc each a year which will be used in the "Ultima," or "Blue Bird" as it is called in Japan. Nissan will replace "Japanese-made high-value-added auto parts with American-made auto parts in a few years" in an effort to pave the way for boosting the production of cars and the purchase of auto parts in the United States.

Mexico Nissan and Japan purchase parts for 2,000 cc engines used in "Centras" from an auto-parts plant run by America Nissan. Nissan is studying the possibility of replacing some Mexican-made auto parts with U.S.-made auto parts. Nissan, which has worked to turn its business operations in Mexico into a supply point for the United States by taking advantage of the North American Free Trade Agreement [NAFTA], is now planning to move part of the business operations in Mexico to the United States. If Nissan moves part of the business in Mexico to the United States, this would draw a backlash from the Mexican Government.

The major Japanese automaker plans to establish a center for the development and research of auto parts in the United States and to strengthen the functions of its auto parts distribution channels. The management plan does not indicate at all how high the ratio of its local content will grow and when it will achieve the goal. "The management plan shows a direction for increasing the ratio of local content," (says a top Nissan executive).

Meanwhile, the automaker will set up an office in the business division for American auto-parts makers. The office will introduce American auto-parts makers to auto-parts dealers affiliated with Nissan and indirectly

assist business activities by American auto-parts makers in the Japanese market.

#### Hashimoto Discusses G-7 Halifax Summit

OW2106233595 Tokyo Asahi Newstar Television Network in Japanese 0250 GMT 21 Jun 95

[News conference by Ryutaro Hashimoto, minister of international trade and industry, at the Ministry of International Trade and Industry on the morning of 21 June; from the "Flash Report: News Conferences" program — recorded]

[FBIS Translated Excerpt] Good morning. The first business of the day was a meeting of cabinet ministers in charge of environmental protection. Discussions were held regarding the report on the total amount of carbon dioxide emissions in FY93, the current status of the implementation of measures related to the FY94 action program to prevent global warming, and possible problems in the future. Although there is nothing in particular that I should report on, one notable point is that both the total amount and amount per capita of carbon dioxide emissions, which have steadily increased from 1990, decreased by approximately 2 percent in FY94 over the previous fiscal year. However, one thing that keeps me from rejoicing over this is that the prolonged economic slump is responsible for it. I do not mind an increase in demand for atomic and hydroelectric power, but it is presumed that the situation has been brought about by effects of the cool and wet summer, among other causes. However, this is something we must watch out for in the future. I believe that what it amounts to is that from MITI's [Ministry of International Trade and Industry] standpoint, efforts shall be undertaken to implement energy-saving measures designated in the long-range program on prospective energy demand.

Other things we talked about at the cabinet meeting were [pauses]. From the viewpoint of protecting consumers, an example of enforcing the consumer goods safety law and the revision of an order on fees regarding the law on safety of consumer daily necessities were explained to the meeting. [Passage omitted on contents of the explanation]

The foreign minister briefed the cabinet meeting on the outcome of summit talks held in Halifax, the Japan-France summit meeting, and the Japan-EU summit. The point of his briefing was that discussions were held on a review of the function and framework of international organizations, including [word indistinct] and organizations belonging to the United Nations. He also reported that, at the Halifax summit Japan had proposed the need to strengthen the IMF's early

warning system to deal with financial crises similar to that of Mexico. He also said Japan had called for the establishment of a fund for emergency loans and this proposal had been approved. Japan also called for the need to clarify the role of international organizations in the area of development and to strengthen mutual coordination among them. At the same time, Japan also called for the need to secure the flow of a considerable amount of funds for the reduction of poverty and continuous development. Agreements were reached on these matters as well.

Accepting the outcome of the April meeting by the finance ministers of the seven industrialized nations, the Halifax summit also talked about the world economy and agreed to maintain sustainable economic growth without inflation and expand employment by promoting microeconomic measures and structural reform. At the same time, the summit confirmed the importance of maintaining close cooperation in the foreign exchange market and other areas. Also, the cabinet meeting was briefed on a proposal made by Russia to hold a special summit meeting to talk about nuclear safety and other matters. Regarding the auto and auto parts issue, at his meeting with President Clinton, the prime minister clearly explained Japan's stand and they confirmed that both Japan and the United States should make further efforts to find a solution through discussions, which will soon be held in Geneva, in such a way that public opinion in the international community would be satisfied. The top leaders of the two countries agreed this issue should not have negative impact on overall Japan-U.S. relations.

Regarding the Japan-France and Japan-EU meetings, the prime minister brought up the issue of France's plan to resume nuclear tests and explained to President Jacques Chirac Japan's stand that nuclear tests should be banned. Another point of the briefing was that Japan and the European Union agreed to hold summit talks each year in Japan and the EU alternately.

The finance minister also reported to the ministerial meeting the outcome of summit talks. He said the G-7 leaders had agreed to express their support for the outcome of the April finance ministers' meeting in an economic declaration, which I explained earlier. He also said the G-7 leaders had confirmed incorporating expressions in the economic declaration, saying that they support the outcome of the April meeting, and they will ask the G-7 finance ministers to closely cooperate with each other in the area of policy coordination and in the foreign exchange market.

The finance minister also reported to the cabinet meeting that the prime minister had issued instructions to

his cabinet ministers to map out necessary measures for execution of public works projects by forming a liaison council, which will be composed of ministers concerned, and to hold a liaison council meeting under the guidance of the chief cabinet secretary as early as next week. The chief cabinet secretary said that in accordance with the prime minister's instructions, he will hold a liaison council meeting, which will be attended by all ministers except the prime minister himself, to study necessary measures for execution of public works projects.

The minister of posts and telecommunications briefed the cabinet meeting on his visit to China.

I reported to the meeting on the recent G-7 summit and the Japan-France summit as follows: At the summit, I called for complete implementation of the Uruguay Round agreement and the need to fight against protectionism by all means and to secure the World Trade Organization's conflict solving system, which should function sufficiently and be respected by the international community. I am pleased with the fact that an agreement was reached at summit talks on various points, including the promotion of international reform of existing systems, and that these points were incorporated in the declaration. MITI attaches importance to these points.

I am hoping that at the Japan-U.S. negotiations on auto and auto parts, the United States will respect the ideas on trade that were agreed on at the summit talks.

Regarding the issue of economic growth and unemployment, which is the largest existing issue, an agreement was reached at the summit talks to hold a ministerial meeting and a meeting on the information society at an appropriate time next year. I briefed the cabinet meeting on this matter because I thought it was a significant point.

Regarding the proposal made by Russian President Yeltsin to hold summit talks on nuclear safety and other matters, Prime Minister Murayama did his best. The dumping of radioactive waste into the ocean is a cause of major concern for us. As you know, Russia already signed an agreement on high-level radioactive waste, but has not signed an accord on low-level radioactive waste. This issue was included on the agenda for discussion because Japan brought it up at the summit. I think the Moscow summit will be a very important meeting for Japan. I expressed my appreciation to the prime minister for his efforts and, at the same time, told him that MITI would actively cooperate with him.

A Japan-U.S. vice-ministerial meeting on autos and auto parts will be held in Geneva on both 22 and 23 June.

This issue was also discussed at the Japan-U.S. summit talks and the meeting with European Community Vice President Brittan. As I said before, the vice-ministerial meeting will be held on the basis of neither the Japan-U.S. framework talks nor Section 301 of the U.S. Trade Act. This meeting will be held in parallel with the meeting on GATT Clause 22. It is a very important point that the vice-ministerial meeting will be held in Geneva, where the WTO headquarters is located. We have been rejecting U.S. proposals, including the one for governmental intervention in corporate activities. We have no intention of changing this fundamental policy. We will do our best to reach a compromise. If the United States sticks to the idea of government involvement in private business, the fundamental philosophy of the free economic system will be undermined. Acceptance of unreasonable requests will have a negative impact on other industries in the future. Moreover, it is inevitable that such impact will spread to other countries as well. Japan will lose not only its mid- and long-term profits, but also its credibility in the global community in the end. Therefore, at the cabinet meeting I asked for ministers' support and understanding on this point. [passage omitted]

**U.S. Scores 'Record Low' in Reliability Rate**

*OW2206002195 Tokyo KYODO in English  
2328 GMT 21 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — The ratio of Japanese who consider the United States as reliable has dropped to a record low 38 percent and that of U.S. Citizens who feel the same way about Japan has dropped to a record low 7 percent, an opinion poll released by the YOMIURI SHIMBUN newspaper Thursday [22 June] said.

In the 12th such survey by the YOMIURI SHIMBUN and the Gallup poll organization, which was conducted in Japan, the U.S., Britain, Germany, and France in April and May, respondents were asked to pick five nations they think are reliable out of 31 countries on a list.

In Japan, the U.S. topped the list with 38 percent, down from 45 percent last year, followed by Britain with 35 percent, Australia with 31 percent, Switzerland with 27 percent, France, Germany, and Canada with 24 percent, China with 14 percent, and Sweden and the Netherlands with 12 percent.

In the U.S., Canada topped the list with 69 percent, followed by Britain, Australia, Switzerland, Sweden, France, the Netherlands, Norway, New Zealand and Germany. Japan ranked 14th with 7 percent compared with 10 percent last year.

In Britain, Australia topped the list followed by Canada, New Zealand, Switzerland, Sweden, the U.S., Norway, the Netherlands, Germany, and France.

In Germany, Switzerland ranked first, followed by France, the U.S., Sweden, Britain, Canada, the Netherlands, Norway, Australia and Japan.

In France, Canada topped the list followed by Germany, Switzerland, Britain, the U.S., Sweden, Norway, the Netherlands, Australia and Italy.

**Editorial Urges Restraint by Nuclear Powers**

*OW2106123895 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 21 Jun 95 Morning Edition p 2*

[Editorial: "Nuclear Powers Urged To Exercise Self-Restraint"]

[FBIS Translated Text] French President Chirac rejected a request from Prime Minister Murayama to stop France's nuclear tests and reiterated France's plans to resume them. U.S. Defense Secretary Perry has announced that the United States is studying the possibility of conducting medium-scale nuclear tests within the scope of the comprehensive test ban treaty (CTBT) after the treaty takes effect. We are opposed to the resumption of nuclear tests by both nations. The stance taken by two nuclear powers conflicts with the feelings of people in Japan, which was struck with atomic bombs, because their resumption of nuclear tests causes a chain reaction which could lead to the expansion of armaments and holds the danger of bringing about worrisome results from the standpoint of security.

The five nuclear powers — the United States, Russia, France, the United Kingdom, and China — committed themselves to conclude the CTBT by 1996 in an attached document which was adopted when a decision was reached in May on an indefinite extension of the nuclear Nonproliferation Treaty (NPT). France's plans, like China's, are intended to conduct their nuclear tests until the CTBT goes into effect.

While President Chirac has cited the "safety and reliability of France's nuclear war capability" as the reason for resuming the nuclear tests, Defense Secretary Perry has announced that the United States is studying the possibility of resuming nuclear tests for the same reason. Yet, information about nuclear weapons, which is a military secret for each nation, has not been made public. The international community has no data to verify the validity of the explanations given by the nuclear powers. Accordingly, such explanations may carry no persuasive power.

The two nuclear powers that intend to resume their nuclear tests should consider the impact their nuclear

tests will have on the international community. In the strict sense of the word, in light of the history of how the NPT has been extended indefinitely their resumption of nuclear tests is, if not a breach of their commitment, taken as a betrayal of the nonaligned nations which resisted indefinitely extending the NPT and makes the NPT less trustworthy.

The possibility is slim that France's nuclear tests will prompt its neighboring nations in Europe to develop their own nuclear weapons. Yet perhaps, the impact of France's nuclear tests on Algeria and Libya across the Mediterranean is worrisome. The possibility is not slim, however, that France's resumption of nuclear tests will lead China to conducting further nuclear tests.

What we are concerned about in particular is the impact of France's nuclear tests on Asia. The volume of weapons flowing into the region far exceeds that of weapons exported to the Middle East. It is certain that Asian nations are wary of China. If a situation is created where France's resumption of nuclear tests leads China to conducting further nuclear tests, this would become a factor responsible for increasing regional unrest. If the United States resumes nuclear tests, we are wary of how North Korea will react. The reality is that the world economy is so intertwined that no nation would benefit from the destabilization of Asia, which is known as the center of growth. We have no way of knowing what the nuclear powers will gain from their resumption of nuclear tests. But it is certain that they will lose more than they will gain.

#### Sakigake Protests France's Nuclear Decision

*OW2206122495 Tokyo KYODO in English  
0951 GMT 22 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Coalition partner New Party Sakigake [Harbinger] on Thursday [22 June] protested France's decision to resume nuclear testing at the Mururoa atoll in the southern Pacific, urging Paris to withdraw the decision, party officials said.

Sakigake leader and Finance Minister Masayoshi Takemura filed the protest with Denis Gauer, minister at the French Embassy in Tokyo.

Takemura told a news conference later that he hopes Japanese in various corners will take action in requesting France to abandon the tests.

On June 13, French President Jacques Chirac announced that France will resume nuclear weapons testing in September and hold eight tests ending next May in time to sign a comprehensive test ban treaty.

#### Murayama on Early 'Rapprochement' With DPRK

*OW2206074195 Tokyo KYODO in English  
0705 GMT 22 Jun 95*

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Prime Minister Tomiichi Murayama on Thursday [22 June] voiced hope for an early rapprochement with North Korea.

Murayama told a press conference he wants to improve relations with North Korea and establish formal diplomatic ties as soon as possible.

In March, a delegation from Japan's tripartite coalition signed an agreement with the Workers Party of Korea in Pyongyang calling on both governments for an early resumption of talks for establishing diplomatic ties.

Murayama also expressed a desire to see an early settlement of the issue of Japan's rice aid to North Korea as a "humanitarian issue."

He said he hopes the ruling coalition parties — his Social Democratic Party [of Japan], the Liberal Democratic Party and New Party Sakigake [Harbinger] — will work out the details of the plan swiftly.

The ruling coalition earlier decided to provide rice to North Korea in response to Pyongyang's call for aid to ease its food shortage crisis, government officials said Thursday.

The decision emerged from discussions among Murayama, Foreign Minister Yohei Kono, Agriculture, Forestry and Fisheries Minister Taichiro Okawara, Finance Minister Masayoshi Takemura and leaders of the three parties in the ruling coalition, the officials said.

The Japanese decision follows an announcement in Seoul on Wednesday that North Korea has agreed to accept 150,000 tons of rice free of charge from South Korea.

The details of Japan's rice shipment are expected to be worked out when Yi Chong-hyok, a representative of North Korea's international trade promotion committee, arrives in Tokyo as early as Friday to meet Foreign Ministry and Food Agency officials, the officials said.

Murayama said the government's careful but firm action led to the successful arrest of the hijacker of a domestic airliner and the release of all its passengers and crew members.

"With the situation on the scene in mind, we gave the highest priority to the safety of those aboard the plane and also dealt with the culprit in a resolute manner," the premier said.

"Finally, we moved to arrest the culprit after careful consideration based on the judgment on the local situation and concluding that (the passengers and crew members) would definitely be safe," he said.

"I believe we took all possible emergency measures we could today," Murayama said.

The successful resolution of the hijack standoff is seen as improving the image of the government's crisis management capability, which came under fire after the Kobe earthquake in January, political analysts said.

Riot police arrested the hijacker on the commandeered Boeing 747 early Thursday after a 15-hour standoff at Hakodate airport in Hokkaido, Japan's northernmost main island. All the 349 passengers and 15 crew members being held hostage were released as a result.

The premier highly rated the successful rescue operation and thanked the nation for their cooperation in helping resolve the hijacking case.

On the question of a possible face-lift of his 11-month-old cabinet, Murayama reiterated that he has no intention to reshuffle the cabinet despite calls within the governing coalition for such a move.

Indicating that the nation faces a plethora of urgent tasks, the premier said, "considering the heavy burden I shoulder, I have to say I have no plan to reshuffle the cabinet."

Murayama singled out fresh economy-spurring measures, among other things, as one of the most important issues he has to tackle.

He vowed to come up with new steps featuring early implementation of 45 trillion yen worth of public works projects for fiscal 1995, and the fleshing out of a government package announced in April aimed at countering the negative effects of the runaway yen.

The government is to compile next Tuesday measures to put the Japanese economy onto a stable growth track.

Asked about Japan's stance on France's decision to restart nuclear testing, the premier repeated his contention that Tokyo intends to arouse international awareness of the threat to peace posed by nuclear weapons.

French President Jacques Chirac said earlier this month Paris will resume experiments of its nuclear devices in the South Pacific in September. Murayama, in a meeting with Chirac in Paris on Monday, urged the decision be rescinded.

#### Talks With DPRK on Rice Aid 'Likely' 23 Jun

OW2206093195 Tokyo KYODO in English  
0823 GMT 22 Jun 95

[FICIS Transcribed Text] Tokyo, June 22 KYODO — Japan and North Korea are likely to hold working-level talks Friday [23 June] on Japanese rice supplies to Pyongyang to ease its food shortage, Farm Minister Taichiro Okawara said Thursday.

The government earlier Thursday decided to respond to North Korea's request for food aid.

The Agriculture, Forestry and Fisheries Minister told reporters that a North Korean official is expected to arrive in Tokyo Thursday night and meet with Japanese working-level officials Friday.

Okawara said Japan intends to ship the rice as soon as possible to meet North Korea's urgent needs.

Tokyo's decision followed a Wednesday announcement in Seoul that North Korea has agreed to accept 150,000 tons of rice free of charge from South Korea.

Okawara said Japan is ready to provide North Korea with up to 300,000 tons of rice from stocks in warehouses in Yokohama, Osaka and Niigata, central Japan, and the surrounding areas.

The stocks are part of 780,000 tons of rice that Japan imported under an emergency import program to deal with the extremely poor harvest in 1993.

The decision to provide crop aid to North Korea emerged at a meeting among Prime Minister Tomiichi Murayama, Okawara, Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura and leaders of the three parties in the ruling coalition, the officials said.

In discussions to date among government officials, it is likely that the rice will be sold to North Korea with a long-term repayment plan.

North Korea had also originally asked Japan to provide 300,000 tons of its surplus rice for purchase, but Seoul's decision to provide 150,000 tons of rice as a first shipment to Pyongyang is likely to make Japan also consider shipping the rice in steps, the officials said.

North Korea has also asked for the rice to be provided as early as possible, but government sources suggest it will likely be July before any Japanese rice can be delivered.

The government also plans to remain in-step with South Korea on the supply of rice to North Korea, the sources said.

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**NFP Warns China on Nuclear Tests**

*OW2206130695 Tokyo KYODO in English  
1006 GMT 22 Jun 95*

[FBIS Transcribed Text] Beijing, June 22 KYODO — Japan's main opposition party, Shinshinto (New Frontier Party), on Thursday [22 June] warned it will press for a halt to Japanese grant-in-aid to China if Beijing continues nuclear testing.

In announcing the party's foreign policy platform at a press conference here, senior Shinshinto official Michiko Kano said the party will also seek a review of Japan's official development assistance as a whole if China conducts nuclear tests again.

Kano, who is charged with the party's foreign policy planning, is leading a party mission at the invitation of the Chinese Communist Party.

The foreign policy platform calls on the Japanese Government to set numerical targets to slash Tokyo's chronic trade surplus with the United States, the source of a lingering trade dispute between the two countries.

"A 50 percent reduction in the surplus over a five-year period could be a target," Kano said, briefing reporters on the party's new foreign policy.

The policy platform criticizes the foreign policy of Prime Minister Tomiichi Murayama as an indecisive and haphazard.

It urged a change in Tokyo's Asian policy to one intended to reflect the fact that Japan is a member of Asia and has responsibility for peace and prosperity in the region.

As for negotiations on normalizing diplomatic ties with North Korea, the platform demands the government make no compromise over "the principle and fundamental rules" without referring to specifics.

Among other proposals, it appeals for a transfer of the monetary system to a multiple-currency system under which the yen and dollar serve as hard currencies.

It also calls for a permanent seat for Japan on the UN Security Council and sending a Japanese mission to the Israeli-held Golan Heights for UN peacekeeping operations.

**Murayama on DPRK Rice Aid, Nuclear Testing**

*OW2206114295 Tokyo NHK General Television Network in Japanese 0511 GMT 22 Jun 95*

[News Conference by Prime Minister Tomiichi Murayama with unidentified domestic reporters at the prime minister's official residence in Tokyo — live]

[FBIS Translated Excerpt] [Reporter] I am from NIHON KEIZAI SHIMBUN and I would like to ask you about the issue of extending rice aid to North Korea. What is the government's specific aid plan? Could you tell us about specific aid measures, the volume of rice to be sent, and the timing of extending the rice aid? Also, what does the Murayama administration plan to do to resume talks with Pyongyang on the normalization of diplomatic ties between the two countries?

[Murayama] As you know, the three ruling parties recently sent a delegation, led by the Liberal Democratic Party's Michio Watanabe, to North Korea. During the visit, the delegation was asked by Pyongyang for rice. Before this, the North had discussed the rice issue with South Korea. Japan cannot send rice to North Korea while ignoring relations between the two Koreas. Japan's stand is that Tokyo will discuss the rice issue with Pyongyang after North and South Korea reach an agreement on the issue. Taking this stand, we have dealt with the issue. Fortunately, the two Koreas reached an agreement in the recent talks in Beijing that Seoul would send 150,000 tons of rice, free of charge, as a first shipment. The accord is very favorable in view of North-South relations. In response to this agreement, the government discussed the rice issue with the three ruling parties today. From the humanitarian viewpoint, we intend to conclude our discussions and send rice as early as possible. The three ruling parties will discuss with officials of the government today.... If possible, the three ruling parties will contact North Korea today, and based on their discussions, the government will try to discuss and reach agreement with North Korea on how and how much rice should be sent. Although 50 years have passed since the end of the war, there are still no diplomatic ties between Japan and its neighbor North Korea. Current relations between the two countries are not normal. I think it is everybody's hope that Japan should end such relations and normalize ties with North Korea as early as possible. It is important and necessary for Japan to normalize its relations with Pyongyang because it will help establish friendly relations between North and South Korea and maintain peace and stability in the Korean peninsula, Japan, and the entire Asia-Pacific region. Taking this opportunity, I intend to make every possible effort to establish good relations with North Korea.

[Reporter] I am from TV Tokyo and I would like to ask you about the autos and auto parts issue between Japan and the United States. Unfortunately, the two sides failed to make substantial progress at the recent Japan-U.S. summit. While vice ministerial talks are soon to begin in Geneva, the 28 June deadline for U.S. sanctions is nearing. Do you think this issue will be settled?

[Murayama] I and U.S. President Bill Clinton discussed the auto and auto parts issue when we met on the occasion of the G-7 summit. At the meeting, we confirmed that the auto and auto parts issue should not affect friendly relations between the two countries, and that the two sides should try to settle the issue through talks. What we confirmed is a matter of course, but we promoted our discussions taking these as preconditions. I told the president that the threat of unilateral U.S. sanctions should be withdrawn, and that the Japanese Government could not interfere in private companies' management. We have repeatedly explained these matters to Washington. If negotiations are conducted taking these into full consideration, I definitely believe that we will be able to talk. The 28 June deadline for U.S. sanctions has been set based on U.S. domestic law and Japan cannot take this as a precondition in the negotiations. The government has clarified this stand as Japan's policy. At the vice-ministerial talks in Geneva, Japan wants to reach a conclusion that will be considered reasonable internationally. We will exert every possible effort to reach a solution through discussions. I will watch the developments of the Geneva talks while hoping for a solution.

[Passage omitted on Murayama's denial of a possible cabinet reshuffle and his remarks on the government's compensation plan for Minamata disease patients].

[Reporter] South Korea has decided to provide rice to North Korea free of charge. From the humanitarian viewpoint, does the Japanese Government intend to supply rice free as well?

[Murayama] We have to discuss this issue with North Korea in concrete terms from now on. I think North Korea also has some ideas. While listening to North Korea's views, we will seek a solution acceptable to the two countries. I would like to refrain from making concrete comments on this issue at present.

[Reporter] There is concern that North Korea will use rice provided by Japan for military purposes, not civilian ones. How does the government intend to verify the issue?

[Murayama] I am not thinking in that way. I believe this is absolutely a humanitarian issue. I do not think there is such concern. It is important that, taking this oppor-

tunity, the two countries deepen mutual understanding and [words indistinct]. As I told you earlier, it is also important that the South and the North build a friendly relationship. At the same time, I hope a relationship between Japan and South Korea, as well as between Japan and North Korea, will be promoted in a friendly manner and that Japan and North Korea will normalize diplomatic relations as soon as possible. This will contribute to peace and stability in the whole world. Because the Japanese Government believes the rice aid project has to be promoted, it intends to deal with this with resolution. [passage omitted on leadership shown in dealing with the 21 June hijacking]

[Reporter] In drafting the Diet resolution to commemorate the 50th anniversary of the end of World War II, the ruling parties omitted the words "apology" and "no war" in order to reach a compromise among them. This has been criticized by Asian countries. What do you think of that?

[Murayama] While some countries have criticized the resolution, others have welcomed it. We cannot say every country in Asia has criticized it. I believe that if we clearly explain our ideas to Asian countries, we can gain their understanding. From the beginning, the words "no war" were not an important topic for us. In the Fukuda Doctrine [delivered by then Prime Minister Fukuda in Manila in 1977], Japan clearly indicated to Asian nations its determination not to become a military superpower. When I visited Jakarta to attend the Asia-Pacific Economic Cooperation forum, I emphatically reiterated that determination. I clearly stated that Japan will persistently abide by its war-renouncing constitution and will not become a military superpower. As you know, there were various opinions among the three ruling parties. However, I believe the resolution basically expresses solemn remorse over Japan's previous colonial rule and acts of aggression and takes history as fact, and it also clearly indicates that Japan will make international contributions to secure and enforce peace. I think that if Japan explains this view to Asian nations at future opportunities, they will understand Japan's position. When I visited South Korea, I had a chance to say that although there are various opinions on the war and history among the Japanese people, most of them share the view that Japan will look to the future while feeling remorse over the past. I also said I was sure this public view would not change. I would like to confirm this point now. I believe this public view was indicated in the Diet resolution.

[Reporter] Please let me ask about your stand on nuclear testing. You have taken a resolute stand on China's nuclear testing, cutting ODA [official development assistance] to that nation. With France, however, you

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just asked for reconsideration when you met with the French president. While you jokingly said that was because Japan does not give ODA to France, I would like you to clarify the real reason for the difference in reactions to China and France. Do Japan's reactions to nuclear testing vary depending on which country conducts it?

[Murayama] We have no intention of changing our attitude based on which country conducts nuclear tests. We intend to harm relations with neither China nor France over the nuclear testing issue. Japan has a friendly and cooperative relationship with both countries in the political, economic, cultural, and all other fields, and we attach much importance to these favorable international relations. Concerning their nuclear testing, however, I made to requests of both of them.

First, Japanese citizens have very strong sentiments against nuclear weapons because they once became the world's only victims of nuclear bombs. I want them to understand that Japanese people are longing for an abolition of all nuclear weapons to the prevent recurrence of the tragedies, and this is not only for our own interests, but also for those of the world.

Another point is that their moves go against the NPT [nuclear Nonproliferation Treaty]. The United Nations has recently extended the NPT upon approval by both nuclear-armed nations and nonnuclear ones. As the NPT rules out possession of nuclear weapons by nonnuclear nations — and this framework cannot be maintained when the nonnuclear nations do not trust the nuclear nations — the extension of the NPT was approved with a resolution urging nuclear nations' self-restraint in nuclear tests, and I want them to pay respect to the concept.

I told both China and France to refrain from resuming nuclear tests. China and France may have their justifications; however, the members of the United Nations are in accord on the direction that nuclear tests should be reduced and nuclear disarmament should be promoted to ultimately abolish all nuclear weapons. They must pay respect to the world's choice, and give up further nuclear tests. When a reporter asked about ODA, I said Japan gives no ODA to France. The tools for Japan's counteractions inevitably differ depending on which country we deal with, and I have been calling for the public's understanding of this point.

[Reporter] So far, it appears Japan is trying to put an end to its involvement in the issue by expressing opposition to the French nuclear testing only once. Japan positively supported the indefinite extension of the NPT, but is not adequately dealing with the issue. Nonnuclear nations in Asia and other regions are unlikely to trust Japan as long

as Japan takes such an attitude. Japan should positively take the leadership to form international public opinion against nuclear testing. Do you agree with the point that Japan should take further actions on this issue?

[Murayama] At the Group-of-Seven summit, I demanded the suspension of nuclear tests, although I did not specifically mention the names of nations. I think we should try our best to stir up international public opinion on this issue, and we should take every opportunity to declare our opinion. Australia and some other nations are taking countermeasures, and I heard mass demonstrations were mounted in France. I think it is important to arouse opinion against nuclear testing, and I do not think one-time opposition is enough for Japan. Repeatedly showing a stand of opposing nuclear tests will lead to promoting public opinion and moves toward the extinction of nuclear testing and therefore I think it is necessary to make our position lead to such moves. [passage omitted on Murayama's stance on domestic issues]

#### Industrialist Urges Murayama on Economic Stimulus

OW2206054495 Tokyo KYODO in English  
0458 GMT 22 Jun 95

[FBIS Transcribed Text] Tokyo, June 22 KYODO — Japan's top industrialist appealed to Prime Minister Tomiichi Murayama on Thursday [22 June] to cut corporate income tax and the official discount rate as key parts of a stimulative economic package, officials said.

Shoichiro Toyoda, chairman of the federation of economic organizations (Keidanren), made the requests in a meeting with Murayama at the premier's official residence, government officials said.

Toyoda, concurrently chairman of Toyota Motor Corp., also urged the premier to incorporate in the package a commitment to compile a second supplementary budget speedily and specific measures to use public funds to help financial institutions with their bad loans.

Murayama replied the three ruling coalition parties — the Social Democratic Party, the Liberal Democratic Party, and new party Sakigake [Harbinger] — are now discussing a proposal to cut taxes, in a separate venue from that of the tax commission, an advisory panel to the premier.

He was also quoted as telling Toyoda, "the financial community acts as an artery of the whole of industry, so we need to secure the prospects" for solving the bad loan issue "in order to activate our industries."

**Mongolia****President Views Political, Economic Reforms**

AU2106172595 Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 21 Jun 95 p 4

[Report by "cho": "Struggle Against Bureaucracy"]

[FBIS Translated Text] Ulaanbataar, 20 June — In an interview with this newspaper, Mongolian President Punsalmaagiyn Ochirbat has drawn up a generally positive balance sheet of political and economic reforms in his country but, at the same time, he points to the many difficulties that continue to exist. Over the past five years reform policy has gained ground in Mongolia; a multiparty system has been introduced and the first free parliamentary and presidential elections were held. The country has taken the most important steps on the path toward market economy. Ochirbat says it is a distinction for Mongolia that, in contrast to the other Asian states, political and economic reforms were introduced simultaneously. The president stated that the currently most important task is consolidating the young democracy, halting the economic downslide, then stabilization and, finally, steady economic growth.

"The people are convinced that there is no way back on the path of democracy and market economy, and they have understood that you yourself must work for your daily bread in a market economy system," Ochirbat says. Only a few cannot accept that. Even though there is still opposition to the reforms, but it is not strong enough to stop the reform process. Like all other responsible politicians in Mongolia, Ochirbat, who was elected president in 1990, is a reformed communist from the ranks of the country's former Communist Party. He is considered to be prepared for reforms and keeps criticizing the government and parliament.

Ochirbat says that one of the biggest problems in implementing the reforms are bureaucratic hurdles. In the central government, but also in the local district administrations, the old structures have largely remained in existence. "It is necessary to restructure the bureaucracy, reduce personnel, and set down new guidelines for their work," Ochirbat said. Acute problems in the economy are energy supply, inflation, and the lack of competitiveness of many companies, according to the Mongolian president. Industrial growth — in 1994 Mongolia's GNP for the first time went up by a few percent, following a decline by more than 30 percent over the previous years — has not yet been ensured. Ochirbat says that limited possibilities for investment are the main reason for growing unemployment. Therefore, Mongolia hopes for foreign investment, with whose help Mongolian products could be made competitive on the international markets, which would increase exports. A

disadvantage for economic development is the fact that the issue of land ownership has not yet been clarified.

The president says that a balanced policy toward neighboring states Russia and China is the supreme principle of Mongolia's foreign policy. Mongolia signed a treaty on friendship and good neighborly relations with both of them. However, Ochirbat was generally more positive about relations with Russia, which are obviously less strained by fears about influence and an excessive number of foreigners through immigration. "We will remain dependent on Russia for a certain period." In particular in mining and the energy sector there are many companies that depend on Russian technology. Of course, Russian involvement is necessary to renovate these companies.

Asked about a model for the potential development of Mongolia, Ochirbat says that Asian countries cannot be a model for Mongolia, because they have not implemented political and economic reforms simultaneously and, as compared with European reform countries, the starting position is completely different in Mongolia.

**North Korea****Article Urges U.S. To End Cold War Policy**

SK2206105895 Pyongyang KCNA in English  
1045 GMT 22 Jun 95

[ "Cold War on the Korean Peninsula Should Be Stopped" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — NODONG SINMUN in a signed article today calls for a stop to Cold War on the Korean peninsula.

The article says:

Today the international situation is moving towards detente and peace. A dangerous phase of military conflict is being created on the Korean peninsula, though. The article attributes this to the U.S. policy of Cold War, adding:

The U.S. has stationed tens of thousands of its troops and deployed more than 1,000 pieces of nuclear weapons in South Korea. It is rendering the situation on the Korean peninsula strained by intensifying military threat to the DPRK as never before. Even after the end of Cold War it continues beefing up its aggression forces in South Korea allegedly to cope with "regional disputes" and stages never-ceasing military manoeuvres against the North, in league with the South Korean puppets.

Its utterances about an end to Cold War on the Korean peninsula and peace in this region are not what it truly wants.

If it truly wants peace, it should stop coiling up tensions on the Korean peninsula and work to create a favourable climate for peace. Important for this is for the United States to adopt down-to-earth measures to do away with the legacies of Cold War on the Korean peninsula.

To begin with, the United States should put a halt to military manoeuvres against the DPRK.

The U.S. is now crying for peace while hell-bent on military manoeuvres against the DPRK. It is foolish to hide one part and keep the exposed. Particularly, South Korea is the largest nuclear base in the world and a hotbed of war.

The United States should sincerely approach the DPRK-proposed new peace mechanism establishment.

To replace the Korean Armistice Agreement with a peace agreement is an important way of clearing the Korean peninsula of war danger and achieving a lasting peace.

Whether the U.S. says yes or no to the proposal of setting up a new peace mechanism is a yardstick showing whether it seeks to put a period to the Cold War on the Korean peninsula or not.

The Cold War sustaining in Korea is not beneficial to the U.S. itself.

The establishment of a new peace mechanism will lead to good relations between the DPRK and the U.S. and create conditions favourable for peace and security in Asia and the rest of the world, to say nothing of peace in Korea and its reunification.

The U.S. should take a cool view of its behaviour at the present juncture and make a bold decision for peace on the Korean peninsula.

#### **'Military Provocations' in DMZ Denounced**

*SK2206055295 Pyongyang KCNA in English  
0537 GMT 22 Jun 95*

[*"More Undisguised Military Provocations" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — The South Korean puppets committed military provocations against the North on June 19 and 20 by introducing nearly more than [as received] 1,000 armed bandits of the puppet army and lethal weapons in the Demilitarized Zone (DMZ) of the western, central and eastern sectors of the front, according to military sources.

On the 19th and 20th, the puppets sent over 300 bandits of the puppet army with machine guns and automatic rifles aboard ten-odd military vehicles to the DMZ of

the central sector of the front for a war game to break through the Military Demarcation Line (MDL).

During the period, they brought hundreds of armed bandits of the puppet army into different parts of the DMZ of the eastern and western sectors of the front and blindly waved machine guns and automatic rifles toward the North side.

The puppets on June 20 carried 20-odd shell and ammunition boxes into an MP post in the DMZ of the eastern sector of the front and then sent more than 100 bandits of the puppet army there to dig combat trenches.

The Kim Yong-sam group keeping his dirty remaining days with military confrontation and aggravation of tension between the North and the South will have to pay thousandfold.

#### **Kim Yong-sam Group Anxious About Elections**

*SK2206053595 Pyongyang KCNA in English  
0523 GMT 22 Jun 95*

[*"Symptom of Uneasiness and Anxiety" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — The traitor Kim Yong-sam at a recent dinner at "Chongwadae" threatened that he would never allow anyone's "illegal campaigning" in the "local autonomous body elections" in disregard to position, a radio report from Seoul said.

This is a symptom of his uneasiness and anxiety caused by a potential defeat of the "Democratic Liberal Party" (DLP) in the "local autonomous body elections." This also reveals his sinister intention to rig up "victory" of the "DLP" with recourse to all sorts of irregularities, swindles and abuse of government power.

Ever since the "local autonomous body elections" were put on the order of the day, the Kim Yong-sam group have mobilized the "Agency for National Security Planning" to watch and control the activities of opposition candidates in a systematic way and, at the same time, distributed money and articles to voters and resorted to "pork-barreling," promising to "solve everything as the people wish."

Only recently, the "DLP" candidate for mayor of Changwon and the former vice-chairman of the South Yangju area office of the "DLP" were caught while trying to bribe voters with money and valuables. The Kim Yong-sam group's irregularities are countless.

While keeping mum about their own frauds, the Kim Yong-sam group accuse others of making an "illegal

campaigning." This shows their despicable intention to defeat the rivals at any cost and remain in power.

Not content with bribery and pork-barreling, the Kim Yong-sam group even mobilize the government power in an effort to create a favorable climate for the "DLP" in the "elections." This is, however, a futile attempt of those caught up in a crisis.

The South Korean people have already branded as the target of overthrow the Kim Yong-sam group, a gang of traitors, fascist tyrants and war-maniacs. The never-to-be-condoned crimes of the Kim Yong-sam group will be calculated in the "elections."

#### **ROK Religionists Protest Government Actions**

*SK2206064995 Pyongyang KCNA in English  
0539 GMT 22 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — The Seoul Parish of Roman Catholicism in South Korea held the second mass on the situation to restore sacred precincts with the attendance of more than 10,000 believers at the Myongdong Cathedral on the evening of June 20 and staged a candlelight demonstration, according to a radio report from Seoul.

At the mass, the Roman Catholicism side denounced the "civilian" fascist clique for mobilizing police to crack down on the workers in their struggle for the right to existence and branded the puppet prime minister's "expression of regret" on this as his excuse.

At the end of the mass the participants staged a silent demonstration with candlelight in their hands up to the entrance of Myongdong.

#### **South Koreans' 'Crimes' in Africa Denounced**

*SK2206110595 Pyongyang KCNA in English  
1002 GMT 22 Jun 95*

["Criminal Acts of S. Koreans Overseas" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — NODONG SINMUN today comments on shuddering crimes committed by South Korean gangsters overseas.

Some time ago, a South Korean surnamed Pak who had been engaged in the production of drugs in Zambia was arrested on the spot and adjudged guilty by the Lusaka court. Also in Ghana, a South Korean under the guise of a businessman was arrested for his swindle last year. He is now on trial according to the law of Ghana. Other South Korean gangsters threw two Tanzanian crewmen of an oiler into the Indian Ocean like a package. After the two Tanzanians who had been drifting on the waves for five days were rescued by fishermen of Somalia,

they exposed all the particulars of their case at a press conference.

Branding these barbarities as a disgrace of the nation that is widely known for its honesty and good manners, the analyst of the paper says:

After the Kim Yong-sam group, a gang of corrupt and immoral fellows, took office, South Korea has further been turned into a hotbed of crimes and its underlings have committed inhumane barbarities while they were overseas.

They commit such criminal acts in imitation of the traitor Kim Yong-sam, an arch perpetrator of all kinds of inhumane acts.

In the final analysis, the traitorous Kim Yong-sam group is exporting all crimes, murder and gangsterism under the signboard of "keep doors open for the world."

Troublemakers must be eliminated at an early date. It is imperative to remove as soon as possible the Kim Yong-sam group which commits murder and gangsterism against peoples of other countries, not content with its harsh military rule over the South Korean people.

#### **Foreigners, Overseas Koreans Visit Statue**

*SK2206053395 Pyongyang KCNA in English  
0517 GMT 22 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — The delegation of AL-BA'TH, the organ of the Arab Socialist Ba'th Party of Syria, led by its Director-General and Editor-in-chief Turki Saqr and the delegation of the People's General Committee on Health and Social Security of Libya led by Abdul Amin Mohamad Satiki Tarablci, general director in charge of medical service of the committee, visited the statue of the great leader President Kim Il-song on Mansu Hill, laid flowers and paid homage to him on June 20.

The members of the home-visiting group of Korean citizens in China led by Choe Chong-san, vice-chairman of the General Federation of Korean Citizens in China, laid a floral basket and made a bow before the statue of President Kim Il-song on the same day.

#### **Russian Envoy on 'Distorted' Views on LWR Pact**

*SK2206082995 Pyongyang Korean Central  
Broadcasting Network in Korean  
1322 GMT 21 Jun 95*

[FBIS Translated Text] Some media of Western countries and Russia are making distorted reports about the DPRK-U.S. joint press statement. In this regard, a news conference was held at our country's embassy on 19 June.

Placed in front of the news conference hall were portraits of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il.

Participating in the news conference were functionaries of the media and the reporters of news agencies and broadcasting stations in Moscow.

Son Song-pil, our country's ambassador to Russia, spoke at the news conference. He introduced the full text of the DPRK-U.S. joint press statement and said as follows: As it can be clearly seen from the joint DPRK-U.S. joint press statement, the current agreement is thoroughly a fruition of our side's consistent efforts and magnanimity as well as a reflection of our side's stance. Nonetheless, some mass media are circulating preposterous and improper reports — as if the agreement was brought about due to a change in our side's stance. Especially, what cannot be ignored is the Kim Yong-sam puppet ring's absurd remarks. Up until the time a tentative agreement had been reached at the Malaysia talks, the puppets had bitterly opposed it. However, as soon as the final agreement was reached, the puppets raved as if the agreement was reached in the way they intended.

The ambassador continued that in order to implement the DPRK-U.S. agreement, the United States should first renounce its hostile policies against us and stressed that the United States should play a proper role in promoting DPRK-U.S. relations and establishing a true peace guarantee system on the Korean peninsula.

After this, he answered reporters' questions.

#### **Belarusian Government Delegation Visits**

##### **Meets Vice Premier**

*SK2106212995 Pyongyang KCNA in English  
1500 GMT 21 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — Vice-Premier Hong Song-nam met and had a friendly talk with the visiting Belarusian Government economic delegation led by A.A. Dobromudrov [name as received], first vice-minister of Foreign Economic Relations, at the Mansudae Assembly Hall today.

##### **Signs Economic Cooperation Protocol**

*SK2106213295 Pyongyang KCNA in English  
1502 GMT 21 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — The first session of the intergovernmental joint committee of trade and economic cooperation of the DPRK and the Republic of Belarus was held here with a protocol signed at the Mansudae Assembly Hall today.

It was inked by Kim Chong-u, vice-chairman of the State External Economic Affairs Commission, and A.A. Dobromudrov [name as received], first vice-minister of foreign economic relations.

According to the protocol, the two countries agreed upon cooperating with each other in building, machine-building, light industry, health and other domains.

#### **Pakistani Premier Discusses Relations**

*SK2206104595 Pyongyang KCNA in English  
1008 GMT 22 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — Pakistani Prime Minister Benazir Bhutto said that not only the Korean people but the Pakistani people and she herself feel secure and the friendly relations between the Workers' Party of Korea and Pakistan People's Party and between the Korean and Pakistani Governments will remain unchanged as the great leader Comrade Kim Chong-il brilliantly carries forward the cause of the great leader Comrade Kim Il-song.

The prime minister said this when she met the Korean ambassador to Pakistan on June 15.

She cannot but be moved by the deep concern shown by Comrade Kim Chong-il for the development of the friendly relations with Pakistan, she said, expressing thanks again from the bottom of her heart for his true sense of duty and trust just like those between blood relations.

#### **Kim Chong-il Thanks Soldiers, Actress**

*SK2206053195 Pyongyang KCNA in English  
0510 GMT 22 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 22 (KCNA) — Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to soldiers of the Han Chol-uk unit of the Korean People's Army [KPA] for their contribution to better arrangement of a revolutionary site and for their active help to a cooperative farm; to Yi Chong-ho and other officers and men of the Yi Yong-kil unit of the Korean People's Security Forces for their rescue of people's lives and property; and to the teachers, employees and the family of a political worker Hwang Hyon-chun of Yi Chun-sop's military academy of the KPA and a political worker of the Paek Chong-sun unit of the KPA Kim Hui-chol and his wife for their care for the life of disabled soldiers.

Comrade Kim Chong-il also sent thanks to Yu Kyong-ae, an actress of the Korean film stars group, for her fine performance of a role in the parts on the working class of the multi-part feature film "The Nation and Destiny."

**Kim Chong-il Cited on 'Revolutionary Spirit'**

952C0113A *Pyongyang NODONG SINMUN*  
*in Korean 2 Feb 95 p 1*

[Editorial: "Functionaries, Organize and Lead the New Year's Struggle Vigorously with a High Revolutionary Spirit!"]

[FBIS Translated Text] Currently, our party members and working people are in a vigorous struggle to accomplish the tasks set forth in the handwritten letter of the great helmsman Comrade Kim Chong-il to all the people and the joint editorial published in the party gazette. For greater progress and successes in the new year's march, all functionaries will organize and lead this year's battle with a high revolutionary spirit.

The great helmsman Comrade Kim Chong-il pointed out as follows:

**"To strengthen the party and generate upsurges in the revolution and construction uninterruptedly, functionaries should have a high revolutionary spirit and show their mettle in work."**

A high revolutionary spirit is a militant disposition for our functionaries to possess. Only when functionaries have a high revolutionary spirit can they be loyal to the party and the revolution infinitely and accomplish the tasks assigned them successfully.

It is an important requirement in accomplishing the huge revolutionary tasks confronting us this year that our functionaries display a high revolutionary spirit.

This year is an important year marking the 50th anniversary of the founding of the party and the liberation of the fatherland.

Confronting us is the honorable and yet heavy task of generating new upsurges in the revolution and construction upholding the teachings left by the Great Leader, thereby achieving a decisive turnaround in the struggle for the complete victory of socialism and adding luster to the party's 50th birthday being marked in a grand festival of victors. At present, imperialists and reactionaries are continuing their wily maneuvers to arrest the advances of the great cause of our way of socialism.

The prevailing situation and the gigantic task facing our revolution demands more than ever that our functionaries live and work in a revolutionary manner.

Extremely high is the fighting spirit and fervor of our people currently in its new year's march. The question is how our functionaries, who are the commanding personnel of the revolution, will lead the masses to victory in the new year's battle. With the task of thoroughly im-

plementing the revolutionary economic strategy of the party, enhancing the role of the county, and improving the people's livelihood, our success, after all, is determined largely by how high the revolutionary spirit of our functionaries is in organizing and mobilizing the masses into the implementation of party policies.

With full awareness of the importance of their assigned positions and duties in this year's battle, all functionaries should display a high revolutionary spirit and combat strength, fulfilling their tasks successfully.

Most important here is for all functionaries to devote everything in their power to the fulfillment of the revolutionary cause of our party with the absolute adoration for the great helmsman Comrade Kim Chong-il.

The absolute adoration for and loyalty to the great helmsman Comrade Kim Chong-il is always the source of the ideological and mental energy making our functionaries burn high with revolutionary passion, create something from nothing, and fulfill their duties in a responsible manner. When functionaries' hearts burn with a resolve to faithfully uphold the ideology and leadership of the great helmsman Comrade Kim Chong-il, anything is possible for them.

With the unswerving conviction engraved on their hearts that as long as the great helmsman Comrade Kim Chong-il — who is endowed with the arts of pen and sword and the virtues of loyalty and filial piety — is with us, our revolutionary cause is bound to win, all functionaries must devote themselves body and soul to the cause of upholding the ideology and leadership of the respected and beloved Comrade Kim Chong-il.

In waging this year's battle with unswerving loyalty to the respected and beloved Comrade Kim Chong-il, it is extremely important that functionaries keep engraved on their hearts the lofty intent of the party that expects them to work in a manner worthy of the warriors of the Great Leader, the disciples of the Great Leader. The great helmsman Comrade Kim Chong-il, in his handwritten New Year's letter to all the people, called on them to press ahead dynamically in one and the same mind to make our country, our fatherland, richer and stronger, in a fashion befitting the warriors of the Great Leader, the disciples of the Great Leader. This is a precious guideline and a motto of life for our functionaries that they should cherish deep in their hearts and practice. For our functionaries, who have been loved and trusted more than anybody else in the bosoms of the Great Leader and the respected and beloved Comrade Kim Chong-il, and who have thus grown to be the commanding personnel of the revolution, it is the highest glory and happiness to work with those titles on them. All functionaries

must make positive efforts to make our country, our fatherland, richer and stronger, in a manner worthy of their titles, the warriors and disciples of the Great Leader, in response to the lofty intent of the great helmsman Comrade Kim Chong-il. Cherishing deep in their hearts the pride and confidence as the commanding personnel of the revolution leading the van of the cause of the great helmsman Comrade Kim Chong-il, each and every functionary should become a standard-bearer and devoted worker in the implementation of party lines and policies.

Our functionaries must also display fully the revolutionary ethos for fulfilling the party's policy tasks through to the end unconditionally.

Their loyalty to the party and revolution finds expression in how they fulfill their party-assigned duties in a responsible way. Functionaries who use their brains and exert themselves to fulfill duties assigned by the party, as functionaries of the Chonchon County Commercial Office and those of Maengsan County have done, and who thus fulfill their assigned duties and meet the intent of the party unconditionally, are bona-fide loyalists and revolutionaries.

All functionaries must become bona-fide revolutionaries fulfilling their revolutionary duties in a creditable manner at any cost, with the spirit of absolutism and unconditionality for party policy. Especially, guiding functionaries must continue to put major emphasis on adhering to the teachings left by the Great Leader, and on carrying them through. The teachings left by the Great Leader show not only the tasks confronting us in the general areas of the revolution and construction, but also specific tasks to be resolved in each sector and unit. When we adhere to the teachings left by the Great Leader in our work, anything is possible for us and we can surely perform new miracles in this year's battle and enhance the superiority of our way of socialism.

Today, our party leadership is leading the whole party, the whole country, and the whole nation sagaciously toward thorough implementation of its revolutionary economic strategy, holding aloft the teachings left by the Great Leader. Cherishing the party's intent deep in their hearts, all functionaries will wage a dynamic struggle to bring on a decisive turnaround in this year's battle to thoroughly implement the party's revolutionary economic strategy.

An important duty of functionaries is to do organizational guidance work well in the implementation of party policy. As the struggle intensifies for the implementation of the party's revolutionary economic strategy, functionaries must do their organizational commanding in a better way consistent with the prevailing

conditions. Party functionaries must do their organizational political work aggressively to get party members and working people to fully understand the correctness, significance, and vitality of the revolutionary economic strategy of our party, and to bring them to wage this year's battle vigorously with the firm conviction that the party's revolutionary economic strategy will surely come to brilliant fruition as long as it is led by the great helmsman Comrade Kim Chong-il. Economic guiding functionaries should clearly define struggle goals and tasks in the fulfillment of the party's revolutionary economic strategy, then launch programs in a bold, daring fashion to achieve them without fail.

In order for functionaries to lead this year's battle energetically with a high revolutionary spirit, it is important that they do all their work and everything in their daily life in a revolutionary, militant manner.

Functionaries are indoctrinators leading the masses. Only when they are filled with revolutionary passion and ambition and work militantly will the masses be aroused in every workplace and perform new miracles and innovations. All functionaries must work full of vigor, always with strong passion as functionaries making revolution under the great helmsman, spurring the masses on in the new year's march forcefully. Functionaries must always go deep among the masses on production sites, sharing joys and sorrows with them, volunteering themselves into difficult work and backbreaking labor ahead of others, and taking the lead in finding a breakthrough for further advances. Thus, they must be the standard-bearer and bugler for them. At the same time, they will have the spirit of devoted service for the people and be their true, faithful servants who are always busy striving to improve their living conditions.

In order for functionaries to organize and lead the new year's battle energetically with a high revolutionary spirit, they must step up their efforts to revolutionize themselves continuously.

The revolutionary spirit of functionaries is revealed distinctly through their conscious efforts and struggles to revolutionize themselves. Bearing in mind that the true way to acquit themselves fully of their basic responsibility and mission as the commanding personnel of the revolution lies in revolutionizing themselves endlessly, all functionaries will continue to put major emphasis on it again this year. They must further strengthen their revolutionary spirit, party spirit, working-class spirit and people-mindedness through studies, organizational life, and revolutionary practices and, by doing so, powerfully demonstrate the correctness and vitality of our party policy on revolutionizing cadres.

To ensure that functionaries carry out their assignments in a responsible manner with a high revolutionary spirit, the role of party organizations must be enhanced further.

Party organizations must lead functionaries correctly so that all of them display a high revolutionary spirit in this year's battle and fulfill their duties successfully. Party organizations should organize and coordinate more closely the revolutionary indoctrination of functionaries in conformity with demands of developing realities, conducting organizational guidance work militantly and making them achieve new victories and feats. Thus, all functionaries will creditably fulfill their honorable mission and basic duties in the rewarding battle for the year to mark the 50th anniversary of the founding of the party and the liberation of the fatherland in a grand festival of victors.

### South Korea

#### Financial Liberalization Deal With U.S. Sought

SK2206031995 Seoul THE KOREA TIMES in English  
22 Jun 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Seoul is plotting a secret financial market-opening deal with the United States to ensure the successful conclusion of the multilateral financial market-opening talks under the World Trade Organization in return for the nation's trouble-free entry to the Organization for Economic Cooperation and Development (OECD).

Sources here said that Korean officials have proposed "bold but risky" one-shot financial market-opening concessions for next week's multilateral financial services talks under the initiative of the World Trade Organization in Geneva. This, however, will be conditional on a U.S. promise not to longer take issue with Korea's financial market, at least until Korea becomes an OECD member.

Seoul prefers a package deal to ensure the successful conclusion of the WTO financial talks and to clear the way for the nation's smooth entry to the Organization for Economic Cooperation and Development, they said. A U.S. government official acknowledged Seoul had made the offer but he refused to go into details.

The Korean proposal is based on the belief that even if Seoul and other countries make concessions in the financial market-opening and the multilateral financial market-opening talks are concluded in the World Trade Organization this month, the United States will raise its voice again in the OECD forum to gain more concessions from Korea.

Such noisy U.S. pressure has had a negative impact on the public sentiment and might risk the jobs of the Korean negotiators, namely officials of the Ministry of Finance and Economy, sources here speculated.

The idea might also draw suspicion from non-U.S. WTO member countries, including the European Union, analysts here said, because Seoul officials might promise to give "special favors" to U.S. financial institutions in return for a U.S. hush over Korean financial issues.

Korean policymakers are showing growing frustration over what they call the endless U.S. push to squeeze more and more concessions from Korea in the opening of the domestic financial market.

As the deadline for the multilateral financial market-opening negotiations nears, Seoul officials wonder what are the limits of the U.S. demands. Officials of the Ministry of Finance and Economy officials are also under mounting criticism from the domestic financial community for "making too many concessions without any in return."

No mention has been made of a U.S. promise to improve the operating environment of Korean financial institutions in the United States during the WTO financial talks although Korea offered many concessions.

An observer here described the U.S. negotiator as "an American football player." Even if the player advances 10 meters in the fields, he is not satisfied until his team gets over the final line, he added.

In the same vein, once Korea offers to open 10 issues in the market-opening, Washington negotiators demand 20 more concessions, he said.

The U.S. goal is the complete opening of the Korean financial market but Seoul officials said they did their best to open the market to the maximum extent possible under the current economic situation.

Sandwiched between the U.S. pressure and domestic criticism, Korean policymakers are said to have asked the United States for a package deal.

By a package deal, Korean officials mean that Korea would provide the maximum market-opening on condition that the United States no longer takes issue with Korea's financial market-opening while and even after Korea joins the Organization for Economic Cooperation and Development, sources said.

The Ministry of Finance and Economy suspects that even if Seoul makes more concessions in the ongoing multilateral financial market-opening talks, Washington will again demand more concessions from Korea in the OECD forum when Korea kicks off a consultation

meeting with the OECD to join the Paris-based club next year.

Korean negotiators appear to be tired of bilateral, multilateral and trilateral negotiations which the United States leads or remote controls.

They were apparently pointing to the endless U.S. push to open the Korean financial market in WTO and OECD forums in addition to bilateral financial policy talks (FPT). "Korean negotiators are talking the same story in three different forums. They want to unify negotiation forums," they added.

#### **Missouri Governor Visits To Promote Trade Ties**

*SK2006080495 Seoul YONHAP in English  
0743 GMT 20 Jun 95*

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — Governor Mel Carnahan from the state of Missouri in the United States will visit the country Wednesday to promote economic cooperation between the country and the U.S. state, a Foreign Ministry official said Tuesday.

While in Seoul through Sunday, the Missouri governor will meet with government officials and business leaders to discuss enhancing cooperation on environmental issues, the medical supplies industry and automobile parts, he said.

#### **Further on N-S Rice Aid Agreement, Talks**

**Shipments To Begin 24 Jun**  
*SK2206022495 Seoul YONHAP in English  
0200 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — As an agreement was reached with North Korea in Beijing Wednesday regarding the initial supply of 150,000 tons of South Korean rice to the North, cargo ships flying South Korea's national flag and carrying South Korean rice will depart 10 South Korean ports for North Korea beginning from this weekend.

Leading the merchant fleet will be the 3,000-ton "Sea Apex," affiliated with the Namsung Shipping Co., which will be loaded with 2,000 tons of rice and will leave Tonghae Port for Rajin on the northeastern coast of North Korea Saturday [24 June] to become the first South Korean ship to be authorized to dock at a North Korean port since the 1950-53 Korean war. It is expected to arrive in Rajin Sunday evening or Monday morning at the latest.

Following the Sea Apex will be 2,000-5,000 ton-class ships which will depart from 10 South Korean ports — Tonghae, Mokpo, Kunsan, Masan, Ulsan, Pusan,

Inchon, Pohang, Chinhae and Kwangyang — where the rice is being loaded for shipment to the North.

Crews for all these ships, including their captains, are South Koreans and they are being advised as to the behaviour and etiquette they should observe while in North Korea.

Korea Express Co. is responsible for transporting the rice from warehouses to the rice mills and from the rice mills to the ports.

In July 1991 when South Korea sent 5,000 tons of rice to North Korea in barter-trade agreement, the 6,653-ton "Concord" flying St. Vincent's flag carried the cargo from Mokpo to Rajin in three days. The ship's 19-member crew included four South Korean seamen.

#### **Ministry Estimates Cost**

*SK2206024895 Seoul YONHAP in English  
0227 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — South Korea's provision of 150,000 tons of rice to North Korea will cost 208 billion won (about 273.6 million U.S. dollars), including the cost of the rice, processing and packing fees and transportation costs, the Ministry of Agriculture, Forestry and Fisheries said Thursday.

South Korea will supply 50,000 tons of a 1993 vintage rice by July, and will provide the remaining 100,000 tons later this year. But, the government still has to decide which vintage rice it will provide to the North for the remaining 100,000 tons.

The price of rice varies according to the year it was produced.

South Korea agreed to supply 150,000 tons of rice to North Korea this year at a round of vice ministerial-level inter-Korean talks held in Beijing on Wednesday.

The price of the 1993 vintage rice is 101,000 won per 80 kilograms, which means the South Korean Government will have to set aside 189.3 billion won (250 million dollars) for the entire aid program if it decides to choose the same vintage for the remaining 100,000-ton shipment.

The processing charge will be 8.4 billion won since it costs 55,259 won per ton to process, while packing charges are estimated to be 3.6 billion won and other miscellaneous expenses will be about 1.8 billion won.

Delivering the rice from the warehouses to ships as well as transportation to the North will cost the South Korean Government an estimated 3 billion won, ministry officials explained.

Sending 50,000 tons of rice by the end of July will cost about 70 billion won, they estimated.

The government will use the South-North cooperation fund to meet the rice project's expenses. Since 1991 the fund has raised 165.9 billion won and expects to have raised 230 billion won by the end of this year.

**Official Denies 'Backstage Agreement'**

*SK2206111195 Seoul YONHAP in English  
1042 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — Vice Finance and Economy Minister Yi Sok-chae, who took part in the recent Beijing rice talks, returned home Thursday afternoon.

From Kimpo Airport, Yi directly drove to Chongwadae [presidential offices] to report to President Kim Yong-sam about details of the Beijing rice talks with the North Koreans.

Asked if there is any backstage agreement in addition to the one made public Thursday evening, Yi said there is nothing like a backstage accord.

However, observers believed Vice Minister Yi was to brief the president on items of inside accord along with the formal agreement.

**KOTRA Head To Sign Agreement**

*SK2206112095 Seoul YONHAP in English  
1046 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — KOTRA (Korea Trade Promotion Corp.) President Pak Yong-to is set to fly to Beijing Friday morning to sign a working-level agreement with North Korea on the delivery of rice to the North.

KOTRA reported Thursday that during his stay in Beijing through Sunday, Pak will meet Kim Pong-ik, president of the North's Samcholli General Co., to discuss working-level matters on the rice question and sign with him an agreement thereon.

A source said that besides rice issues, Pak will tackle with Kim the questions of expanding South-North economic projects and opening a KOTRA office in North Korea.

KOTRA, meanwhile, has bolstered its North Korea task team sharply by increasing its staff from 11 to 20, the source added.

South and North Korea agreed on Wednesday that the South would initially ship 150,000 tons of rice to the North for free of charge.

KOTRA and Samcholli have been named to take charge of working-level matters related to the rice delivery and receipt.

**'Issues Other Than Rice' Raised**

*SK2206123295 Seoul YONHAP in English  
1214 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — Vice Finance and Economy Minister Yi Sok-chae, who has just been to Beijing discussing the rice issue with the North Koreans, said here Thursday evening issues other than rice were discussed as well at the Beijing talks.

"Of course discussions at the talks were centered on rice. But, broad-ranging items other than rice were discussed as well at a series of informal talks," Yi said.

Meeting with reporters upon his report to President Kim Yong-sam at Chongwadae [presidential offices], Yi said that at the second-round talks next month, other issues can be taken up along with the rice question.

Saying that the North's rice shortage is in a serious situation, Yi said North Korea wanted to have a large amount of rice from the South under the theory of "the larger the better."

He said that besides rice, they also discussed the issue of helping the North in terms of farm chemicals and fertilizer.

North Korea wants to keep the text of the Beijing agreement in secret, and liked to have the rice for free from the beginning of the talks, Yi said.

Saying that the North hoped many South Korean industries would invest in the North, Vice Minister Yi said the two sides could in the future discuss the possible conclusion of a bilateral investment guarantee agreement.

He said most of the major contents of the agreement have been made public.

"But, there are some parts not disclosed because North Korea doesn't want to publish them," he said, adding that the undisclosed parts are by no means something unfavorable to the South.

**Dailies Evaluate Settlement**

*SK2206075895*

[FBIS Editorial Report] The following is a compilation of editorials carried in 22 June Seoul vernacular dailies on the settlement of the South-North rice talks in Beijing.

## NORTHEAST ASIA

The conservative CHOSON ILBO carries on page 3 a 900-word editorial approving the principle of the ROK supplying rice to North Korea, while expressing displeasure with the North Korean side's resistance to using the signatory's names on the South-North agreement and with the ROK side's tolerance of such a stance. This notwithstanding, the editorial advises the ROK Government to stick to "the 'principle' of never tolerating the North side's 'principle' of trying to negate the *raison d'être* of the ROK," and urges North Korea to gradually adopt a logic of securing "daily bread" for its people while breaking away from its logic of "chuché" and "revolution."

The moderate TONG-A ILBO carries on page 3 a 900-word editorial finding fault with the North Korean side's preposterous opposition to affixing official signatures of the authorities concerned to the agreement. While reviewing the pertinacious nature of North Korea's attitude against the ROK during the process of the rice talks, the editorial concludes by expressing the hope that the latest talks in which "the ROK tried to solicit North Korea's consideration even though it is the ROK that is supplying rice to North Korea," will not continue in the expected second round of rice talks.

The pro-government SEOUL SINMUN carries on page 1 a 1,500-word editorial expressing the hope that the ROK's supply of rice to North Korea will serve as an opportunity to develop South-North relations. The editorial attaches historic meaning to the settlement of the South-North rice talks in Beijing, while highly estimating "the unprecedently conciliatory attitude, and the spirit of reconciliation and cooperation shown by both the South and the North sides."

While calling Japan's offer to provide rice to North Korea a scheme based on political motivation, the editorial highly estimates the fact that North Korea asked the ROK for help to alleviate its food crisis and "sincerely participated in the discussions on the common welfare of the nation." The editorial cites a prudent view that the latest settlement of the rice talks was "only a creation of a primary relevant environment for the improvement of South-North relations." Stressing that future South-North relations depend to a large extent on North Korea's attitude in the future, the editorial urges "the North Korean authorities to reinvigorate, first, the spirit of 'the basic South-North Agreement.'"

In conclusion, the editorial proposes that "the South-North Joint Economic Committee," which was envisioned by "the basic South-North Agreement," be put into operation to conduct additional rice talks and that the second round of talks be held at Panmunjom, not in a third country, while urging North Korea to return the

crew of the Usong and the other 438 South Korean people detained by North Korea since the cease-fire and to respond to the resumption of the South-North Red Cross talks.

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial expressing the feeling that the frozen South-North relations will soon thaw with the ROK's supply of rice to North Korea as a catalyst, while hoping that additional efforts will be made to remove the grudge and mistrust that have accumulated between the South and the North.

The editorial continues that it would be overly hasty to assume that the ROK's supply of rice to North Korea will pave the way for South-North relations to be improved smoothly in the near future. Furthermore, the editorial stresses the need to question "whether we really thanked North Korea for supplying us with rice when we were flood-stricken in the past," and "whether we really harbored compatriotic love for North Korea when we asked Japan not to send rice to North Korea, which is in urgent need of food, ahead of us." The editorial concludes by expressing the hope that the settlement of the latest rice talks will serve as an opportunity to evaluate present South-North relations.

#### Seoul Hopes for Improved Ties

SK2206085695 Seoul HANGUK ILBO in Korean  
22 Jun 95 p 3

[FBIS Translated Text] Chongwadae [the presidential offices] believes that the Beijing agreement on the rice aid issue will be of great help in improving South-North relations. From a short-term viewpoint, it seems that the ROK is providing rice to North Korea without any reward. People concerned say, however, that the resumption of South-North dialogue, which had been suspended since July 1994 when Kim Il-song died, would be a sufficient result. As a matter of fact, since President Kim Yong-sam proposed the rice aid during his visit to Europe in March, our government has placed no political conditions on its rice aid to North Korea, concentrating efforts on effecting changes in North Korea's stubborn attitude of refusing dialogue with the South.

In particular, Chongwadae considers the creation of a "reliable dialogue channel" between South and North Korea — with the rice aid issue as a catalyst — to be a successful result. Since his inauguration, President Kim has focused on dialogue with North Korea through official channels, not secret contacts. It is true, however, that with the aggravation of tension on the Korean peninsula on several occasions since North Korea withdrew from the Nuclear Nonproliferation Treaty,

our government has realized the necessity of a channel through which it could grasp North Korea's true intention.

This is why, when North Korea proposed secret contacts via a channel characterized as a private organization prior to the Beijing talks, the government accepted it, despite the anticipation of criticism by some people. Regarding this, a government authority said: "The preparation of a reliable channel, through which South and North Korea are able to convey their respective top authorities' intent to each other, will make a great contribution to the improvement of South-North relations as well as to the security of the Korean peninsula in the future." However, he said: "Anticipating that holding dialogue through a nonofficial, private organization may raise some problems, the government suggested to North Korea that full-fledged rice talks be held through an official channel."

President Kim believes that in future South-North relations, North Korea will come to the dialogue channel whether it wants it or not. It is expected that even though it may continue to refuse political dialogue, North Korea will inevitably demand our assistance in fields of economic cooperation. North Korea's food crisis is attributed to structural problems represented by ever-declining agricultural production, not to natural disasters. Accordingly, Chongwadae officials say, North Korea's food problems will be aggravated with each passing year unless North Korea changes its method of production, and North Korea will eventually depend on the South's aid.

Chongwadae officials say, though this has not been made public, that considerable exchanges have been conducted in economic cooperation fields between South and North Korea. President Kim reportedly strengthened assistance recently to activate civilian-level investment in North Korea, believing civilian investment is more important than political dialogue in inducing the opening of North Korea. In an interview with the U.S. weekly TIME on 14 June, President Kim stated: "North Korea has no choice but to engage in dialogue with us." He then added: "The competition between South and North Korea has surely ended, and the ROK is the only country that can help North Korea."

Chongwadae believes that in the short run, our side's aid to North Korea will help consolidate North Korea's Kim Chong-il system, but in the long run, it will induce North Korea to open up and change its system. Regarding this, President Kim repeatedly stated on several occasions: "When Kim Chong-il assumes the position of North Korea's official leader, discussions will naturally begin

on South-North summit talks." In fact, Chongwadae has reportedly begun preparing for a South-North summit, believing it will be held before the end of this year."

#### Article Foresees Improved N-S Ties

SK2206081795 Seoul CHOSON ILBO in Korean  
22 Jun 95 p 4

[Article by Kim In-ku, fellow at CHOSON ILBO Korean Reunification Institute]

[FBIS Translated Text] The conclusion of the North-South rice talks in Beijing is considered a "green light" to improved North-South relations. We can see that the conclusion of the talks has provided an opportunity to resolve issues concerning the kidnapped Usong No. 86 ship, North-South economic cooperation, dialogue between North and South Korean Government authorities, and North-South summit talks. The situation may change, however, depending on what North Korea originally intended at the rice talks. North Korea, which has continually rejected "contacts between government authorities" since Kim Il-song's death, consented to such talks and specified the North Korean signer of the agreement as "Chon Kum-chol, adviser to the External Economic Committee," thus making the agreement an agreement between government authorities. This may boost prospects for North-South dialogue.

Experts say that the primary reason North Korea decided to receive rice from the ROK is to resolve its worst food crisis. However, it sought to eventually remove the "obstacle" to improving its relations with Japan.

The ROK maintained that Japan should provide rice to North Korea after the ROK. Therefore, we must consider that by reaching the North-South rice agreement, North Korea intended to remove this "obstacle" and build a basis for resuming North Korean-Japanese negotiations to establish diplomatic relations at an early date.

North Korea informed Japan in advance that it would accept North-South rice negotiations, and right after the conclusion of the Beijing rice talks, it was reported that North Korea would soon send a rice negotiating team to Japan. This shows North Korea's concern is "Japanese rice."

The fact that it was said in and around the place of the talks in Beijing that the "rice that South Korea will provide will meet the North Korean people's rice demand for a mere 10 days" should be interpreted in that perspective as well.

North Korea's attitude in the Beijing talks indicates that "rejection of dialogue between North and South Korean

## NORTHEAST ASIA

Government authorities," the principle of its strategy toward South Korea, will not change easily, even though the North-South rice deal was concluded.

This allegation is supported by the fact that North Korea persistently tried to minimize indications of "government authorities' involvement" by waging a tug-of-war for one day over the signing issue even after the North and South reached agreement on all issues and by requesting the provision of rice through civilian channels.

Therefore, some experts predict, rather hastily, that when North Korea begins to receive rice from Japan, it will not cling to the additional rice provision from the ROK.

**Dutch Banker in DPRK To Open Branch**

*SK2206070695 Seoul YONHAP in English  
0636 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — Internationale Nederlanden Bank (ING) sent a representative to Pyongyang in early June to set up North Korea's first foreign bank, the general manager of the ING Seoul office said Thursday.

Jan Bosma verified that Alastair Watson, a British banker, left for Pyongyang early this month in his capacity as the general manager of the ING-Northeast Asia bank in the communist country.

However, Bosma said he was unsure as to whether there would be a "formal opening" for the bank. "Initially, it will be a low-key representative office," Bosma explained. "It will not immediately be a full branch."

But he projected that once the bank receives its license and locates appropriate office space, ING-NE Asia should begin business activity by September.

**Japan Official Briefs Authorities on G-7 Summit**

*SK2206004995 Seoul YONHAP in English  
2259 GMT 21 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — A senior Japanese official visited Seoul Wednesday to brief South Korean officials on the outcome of the just-concluded G-7 summit talks of industrial democracies in Halifax, Canada, a Foreign Ministry official said Thursday.

Deputy Foreign Minister Hayashi Sadayuki of Japan met with Foreign Minister Kong No-myong and other Foreign Ministry officials Wednesday afternoon, he said.

The Japanese official said that the Halifax summit discussed the political situation on the Korean peninsula

including the North Korean nuclear issue, revision of United Nations and other international bodies, ways to improve international monetary fund and international bank for reconstruction and development, according to the official.

South Korean officials shared with the Japanese official the view that South Korea and Japan will make efforts to enhance cooperation between the two countries in international forums for multilateral negotiations, he said.

**Computer Industry Expects First Trade Deficit**

*SK2206025995 Seoul THE KOREA TIMES in English  
22 Jun 95 p 8*

[FBIS Transcribed Text] The Korean computer industry is expected to turn in a deficit for the first time in recent years, mainly due to increasing imports while exports remain lackluster.

Industry sources said yesterday that exports of computers, peripherals and software increased a meager 2.62 percent to 1.16 billion dollars in the first four months of the year.

On the other hand, imports soared 51.3 percent to 1.05 billion dollars, showing a negative trend in the market.

The sources said the shipments of computers, peripherals and software reached 3.17 billion dollars last year, surpassing imports worth 2.48 billion dollars for a surplus of about 700 million dollars.

In the previous two years, trade surplus in the computer industry were 1.1 billion and 1.2 billion dollars.

"Current trends indicate that the growth in exports will lag far behind that of imports as a result of the decreasing competitiveness of Korean products in the international market," one Samsung Electronics official said.

Of the computer peripherals, the only items that are posting double-digit growth are monitors and head disc drives.

As for main bodies, which comprise the major portion of the computer market, competition from countries like Taiwan is taking its toll. At the same time, American makers are continuing to churn out low-end computer units.

**Parties Focus Campaigns on Vulnerable Areas**

*SK2206052295 Seoul YONHAP in English  
0458 GMT 22 Jun 95*

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — With the June 27 local elections only five days away, the

ruling and opposition parties on Thursday concentrated their electioneering on areas where their candidates are racing neck and neck or fighting uphill battles.

The ruling Democratic Liberal Party [DLP] focused its stumping rallies on Seoul and Kangwon Province Thursday, while the main opposition Democratic Party [DP] canvassed Pusan, Inchon, South Kyongsang and Kyonggi Provinces, where its candidates are considered falling behind their ruling party counterparts.

DLP Chairman Yi Chun-ku stumped in Kangwon Province where DLP candidates are facing neck-and-neck competition with candidates from the splinter United Liberal Democrats [ULD], making pledges like an early completion of the projected Yongdong high-speed train line linking the east coast with the capital.

Asserting that South Korea's provision of rice aid to North Korea may lead to a resumption of an inter-Korean dialogue and further exchanges, Yi appealed for voters to support ruling party candidates for the purpose of securing political and social stability.

DP President Yi Ki-tack canvassed Hadong and Chinju in South Kyongsang Province and Pusan Thursday. In Pusan, his political home town, Yi asked the voters to support him and the DP's candidates.

ULD President Kim Chong-pil, meanwhile, held stumping rallies in Yongdong and Chongju in North Chung-chong Province and Pyongtaek in Kyonggi Province Thursday.

#### Opposition Complains Against 6 Cabinet Members

SK2206052495 Seoul YONHAP in English  
0501 GMT 22 Jun 95

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — The main opposition Democratic Party (DP) on Thursday decided to lodge complaints with the prosecution and the Central Election Management Commission (CMC) against six cabinet members, including Deputy Prime Minister and Finance-Economy Minister Hong Chae-hyong, for allegedly engaging in election campaigns during their recent provincial trips.

Party spokesman Pak Chi-won claimed the ministers virtually delivered stumping speeches by making unrealistic and empty promises to voters while touring recently, despite the election law's prohibition of such activity by any government minister.

Pak said the party will file complaints on Thursday against five other ministers — Pak Chae-yun of international trade and industry, Chin Nyom of labor, O Myong of construction and transportation, Kim Yun-hwan

of political affairs and Choe In-ki of agriculture, forestry and fisheries.

#### Article on Kim Yong-sam's Leadership Flaws

952C0108B Seoul SINDONG-A in Korean Apr 95  
pp 124-130

[Article by Han Sang-chin, Seoul National University professor: "There Are Problems with the President's Leadership"]

[FBIS Translated Text] The president's leadership or headship is extremely important in any country. Even in a democratic society and under a pluralistic political system, the importance of the ability to command, the judgement, and the sense of direction of the president, who runs the big ship of state, cannot be overemphasized. The energy of history indeed originates with the masses, but it is also undeniable that the energy of the masses is oriented through the political leadership of an outstanding leader.

Especially, in an age like today when the president is a focus of news reports and watched directly by people on TV screens in their living rooms, he can exercise extraordinary influence through the media. It is especially so in a country like Korea, where political power is concentrated on Chongwadae.

However, a president's leadership is not always persuasive and does not always appeal to the masses. Of the presidents who achieved brilliant successes in democratization and social reforms in the first half of their presidencies, many slid downhill in the second half. Gorbachev was one of them, and there are signs of Yeltsin following in his footsteps. Poland's Walesa once gained national trust and respect as the leader of Solidarity in the 1980s. Today, however, he is a president whose position is very much weakened. In the case of Argentina's Alfonsin, he — despite the explosive popularity he had in the first days of his presidency — lost his political influence so badly that he had to resign without serving out his term.

The debut of a civilian president itself, after many long years of authoritarianism, is of important significance in opening a new era of democratization. There is no question about it. These cases, however, show that it is by no means an easy simple task for a president to develop democratic leadership and keep step with the masses without being drawn into another kind of authoritarianism. In many instances, veteran pro-democracy fighters of international fame later went bankrupt in domestic politics.

**Factionalism, Crudeness, Verbosity**

Then, what about President Kim Yong-sam of Korea? When he took over in February 1993, many thought that some big change was on its way. Although the three-party merger was, basically, an element making rapid change difficult, there were expectations of him delivering something big once he took power. That was because the masses were that familiar with the nature of political power. In fact, President Kim even went ahead of them, doing what they had expected of him — and showing his deceitfulness and boldness.

For some time, however, it has been felt that there are signs of a fissure in his leadership as the reform program began faltering. These feelings seem to have spread considerably among the public, as well as in the political and intellectual communities. Although the image of President Kim remains fine overseas, the impression at home is that his leadership falls short of appeasing groups that are estranged and injured in a society plagued by frictions and fissures, and of banding people of various strata and their energy together and building a new state, as he is indulged in a sort of zero-sum game, a somewhat narrow-minded, exclusive factionalism.

In short, it is felt that his leadership has perhaps fallen into a state of disrepair as time passes because of its strong egocentrism and the resultant harshness toward others, rather than fully displaying spiritual generosity to make citizens feel more content and affluent, solicitude to bring joy and pride to many people, a capacious mind to embrace diverse groups for a greater cause, and a centripetal force to draw diverse strata, regions and generations toward the center of national development — namely, abilities to make the center of the nation firm and broad.

This has become most visible in the personnel policy area. President Kim himself used to say: "The personnel thing is everything." But his record in this area shows a failure. He ousted Yi Hoe-chang as prime minister in a shocking manner, suggesting not only that he will tolerate no challenge to his authority but also that he will not hesitate to dismiss cabinet members or even a prime minister if necessary. He demonstrated it clearly again by his recent abrupt dismissal of Kim Tok as deputy prime minister for national unification.

Also, the way he drove out Kim Chong-pil, chairman of the Democratic Liberal Party [DLP] — who had played a major role in the three-party merger — from the DLP graphically shows how crude his personnel policy is, and how clumsy it is in managing and utilizing human resources.

What we expect of President Kim today is no longer his leadership as a fighter, but a leadership more all-round and having depth suitable to administer the nation — not the kind of leadership the center of which sways by the wind but a leadership drawing consensus through dialogue and yet holding fast to the line that it should hold to.

Meanwhile, President Kim's remarks occasionally sound too impatient and verbose, and they change frequently, another factor detrimental to his leadership. If one changes his words, it is difficult for him to win people's confidence, a truth for all ages. A review of North-South relations in the past year and related diplomatic developments shows that there were cases in which the president made remarks that he could do without, that he perhaps could have better left to another person to make, or that made the government the prisoner of its own word just because he made them — in person and in a high, undiplomatic tone.

Who could say positively that it is entirely North Korea's fault and absolutely not our responsibility that North-South relations have become as strained as they are today? The president's word should have authority. Therefore, it should represent correct judgement, a sense of balance in the understanding of the matters, and consistency. President Kim, regrettably, has not been flawless in this respect.

Furthermore, although we are calling for internationalization and globalization today, President Kim, in the eyes of analysts at home and overseas, apparently has been overly conscious of the domestic media, a fact which in a way has prompted him to prognosticate harsh international trends in a way more or less expedient to him. The point is that he has failed to show leadership transcending domestic politics and demonstrating international statesmanship.

In addition, under the pretext of reform, his leadership repeatedly followed a style of forcing it down from above — with the backing of the media and without going through the processes of making careful prior preparations and verification and collecting public opinion — in ousting personalities or promoting programs. He thus gave rise to suspicions that his leadership is perhaps too extemporaneous for governance and reforms of a modern state, and that it is vociferous but void of substance — and prone to bring on side-effects.

**Early Accomplishments, Credibility Collapsing**

At any rate, for a variety of reasons, President Kim's leadership has been injured and is confronted with challenges. His popularity among the masses has declined

much, spawning observations that breakaways and oscillations of support bases will reach grave levels with the approach of the local elections scheduled for June. Also, with regard to the Local Autonomy Act, which had been enacted by an accord between the government and the opposition, and which he himself had blessed when he signed it, President Kim unilaterally proposed its revision when the elections were only 3 months away. It was not a desirable show of leadership.

If this situation continues, President Kim Yong-sam will see his early accomplishments and credibility fade away. In a way, it is a matter of concern how he could then effectively respond to challenges and issues at home and overseas.

Needless to say, citizens having the slightest historical sense would naturally want President Kim Yong-sam to be long remembered in history with achievements worthy of the first civilian president who brought an end to 32 years of authoritarian rule. They would expect him to leave his name in history as an excellent, respected president who refused being blinded by or intoxicated with power or being arrogant and haughty, and who brought his commitment to reform to a successful conclusion, who was popular with the masses for the same clear eyes and clean conscience that he had had as a *chaeya* [reformist camp] activist and for the modesty of lending his ears to their voices and listening to advice from intellectuals.

In the early days of his presidency, he won wide national support by carrying out some super-scale reforms such as the military reform and the public disclosure of property owned by government officials. This led to a consensus wishing him successes, even among those who had not voted for him. They all believed that only through his success can foundations for democracy be laid, historical consciousness and discipline restored, and social justice enhanced in this country. He captivated the hearts of the masses.

#### No Signs of Self-Reflection Seen

But now, after 2 years in the presidency, where does he stand? In short, we see uncertainties increasing rapidly. Where is President Kim headed? To what tune is he dancing? People are perplexed.

When he was busy leading reform, people gave him a big hand, saying "Attaboy!" That was because when he launched his reform program after taking power, professing "Nothing ventured, nothing gained," people thought that their expectations hit the nail on the head. The president evidently had his own words and leadership.

As time passed by, however, he soon began dancing to the tune of the conservative media. His words turned so inconsistent that one could not make heads nor tails out of it. This confused many people trusting and following him.

And now, to add to the confusion, he has begun using the word internationalization, and then the word globalization. First of all, it is problematic for a president to use words whose meanings have not yet been established to indicate his administration's goals. Furthermore, ever-so-intellectually shallow is the fact itself that all newspapers and broadcasts kicked up such a fuss reporting them — as if they had been waiting for them and as if they had found supreme goals for the nation in those words. If the media should support the president in such a fashion, they could perhaps be contributing to accelerating his failure.

For instance, only after being queried by foreign agencies about the meaning of "globalization" did the government began using the Korean transliteration *seyehwa* in place of the English term in what is evidently an action against the spirit of globalization. More deplorable, however, is the fact that the process of examining, planning, and officially establishing the state's basic policy is conducted in such a primitive, rule-of-thumb style. He is, after all, president of a country and, as such, it is indeed incredulous of him that he could define the basic direction and framework of a national policy with little preparations like that and in such an extemporaneous fashion.

As the government feared, the word globalization reflects the viewpoint of multinational corporations demanding the complete opening of markets and, therefore, is apt to be misunderstood. If the word is to be used to mean otherwise, it requires careful preparations to establish the concept and theory accordingly.

President Kim has abruptly proclaimed globalization with no such preparations at all. To whose tune is he dancing? Has he been a champion of perpetual transformation? Today he is dancing on the stage set up by *chaebol* [conglomerates]. And will he begin dancing to the tune of free, open trade led by the United States? Apparently, his leadership has lost much of its unique luster over a matter of 2 years.

In order for a president to become a great leader, he should be able, with some consistency, to convince the people of where he started and where he is headed; only by being so can he have the people trust and follow him. In President Kim's case, it is distressing to see him dashing ahead at such high speed but apparently in a direction eroding his consistency and the people's

confidence in the government, perhaps because of his excessive greed.

This is not to say that globalization is unnecessary for us. Nobody would object to lifting our underdeveloped systems, consciousness, and practices to world levels in norm and style. Such efforts, however, should be accompanied by positive pangs and groping. The point is that there is the need for wisdom and the will for further developing reforms made thus far instead of cancelling or invalidating them.

For instance, what is required of us in an era of globalization is not just to increase the productivity and competitiveness at world markets of our enterprises, but to ultimately enhance the technological information capacity of individual citizens, their creative spirit and participant, cooperative relations. To that end, some people today call for education reform; basically, however, it is more urgent to overcome bureaucratization that has become a chronic evil in our society. Be it a state agency, *chaebol* corporation, university, factory, or a hospital, it is literally a hopeless thing to expect its members to be creative so long as the present rigid bureaucracy is left intact.

This indicates that reform carrying out anti-bureaucratism is an internal prerequisite for globalization. This reform does not conflict with the pro-democracy reform that President Kim Yong-sam pushed for; rather, it could be an extension or reinforcement of it. In other words, it is possible, I think, for the president to use the strategy of bringing his identity into fuller play and developing globalization by virtue of the effects of such reforms, rather than holding on to the call for competitiveness under the ambiguous slogan of *seyehwa* only to find himself being taken in by *chaebol*.

All these observations, after all, suggest that President Kim has some quiet time to reflect on himself. The point is that he needs an attitude of self-examination, by which he would realize that there is no need for him to worry about popularity ratings or to persist in surprise shows for the public's attention. Nor are there any reasons for him to cling to shallow political slogans. He should ponder where he stands now, and what people are expecting of him.

### Can He Lead a Broad Coalition?

Many people, I think, heard the following story about President Kim Yong-sam frequently. It is a story I used to hear whenever suspicions were raised that although he is a graduate of Seoul National University [SNU], perhaps he doesn't have enough brains. People used to

say that he can borrow brains and has many capable people and advisory groups around him.

According to them, he is neither arrogant nor self-righteous but listens to other people attentively. And he never abandons talented people he has found but treasures them always. In short, he is not outstandingly sharp, but that makes him an unassuming person; he can have democratic leadership by putting many people's brains together and achieving better results.

It is true that many people nodded their heads to those words, finding them attractive. Listening, they hopefully figured that the president would shine and, at the same time, bring about further democratization of government. The authoritarian culture in which the state's president controls everything, would be amended significantly, they thought.

Did those expectations materialize? Has the president indeed had so many talented people around him? Has he really treasured cabinet members and prime ministers so much? Has he actually been seen lending his ears to the views of other people so attentively? Has he truly demonstrated the virtues of harmony and modesty which they thought were his strong points?

Those talented people around him saw the way Yi Hoe-chang was dismissed as prime minister, and Han Wansang as deputy prime minister before him, plus Kim Tok as deputy prime minister after Yi. Is it not possible that, seeing it, they possibly have felt their minds leaving the president? Also, as for those still staying with him, are they not bringing themselves down to the level of a self-protectionist bent on currying favor with the president, rather than being faithful to their principles and speaking out straightforwardly to the president?

Rumors circulating have it that among those around him, there is no one speaking out straightforwardly to him, and that even if there is someone, the president is unwilling to listen. Communications ceased to exist between the president and his men before we knew about it, according to the rumors. This means that authoritarianism is still continuing, in a form not much different from that in the past.

We have also heard these words often: President Kim has evenly-distributed support bases; he is seeking a political alliance of different strata, regions, and generations and therefore can build a firm center of the nation.

However, the conservatives versus alliance plan was itself once driven into disunity and splintering by the deeds of President Kim himself. Thus, all the leaders of the three parties of the old days left him. Some perhaps viewed the development favorably, on grounds

that separation can be a better choice for forces that can hardly stay together for long.

The question is whether President Kim really has the leadership for forming and leading a broad alliance of forces. For it he needs to open the door widely to diverse groups for horizontal dialogue. Also, he must have community ethics to guide him, using moderation wherever necessary and making concessions for the sake of common interests and concerns. But the impression is that he thinks he must tower high above all in everything, and that he perhaps expects people to bow to his authority.

Also perplexing is the fact that President Kim has always portrayed himself as a parliamentarist. However, judging from the way he has been managing the DLP, the parliamentary strategy he has been using, and the attitude he has shown toward the opposition Democratic Party since he became president, it is doubtful whether he is truly interested in the autonomous development of parliament and political parties, or whether he is making an effort for it.

While plunging the National Assembly into semi-paralysis and turning the chamber into a shambles — seemingly not by design though — he wanted to put on a show as if presidential authority stood aloof from them all. At other times, he would abruptly walk out, leaving all such self-consumptive politics behind him, and try to demonstrate that he is working for national interests through summit or economic diplomacy. In all these, a logic of discrimination could perhaps be at work.

#### **Need for Leadership That Breathes Together With the Masses**

What is said here is by no means motivated by malice. It is only a listing of questions and disappointments people may have had in their minds as President Kim was found failing to fulfill his campaign pledges and voter expectations.

The president indeed has many things to do. The requirement for adaptation to the changing times must be great, too. However, if he is a president with historical consciousness, I think that it is equally important for him to retain his original self and identity carved in the minds of the masses. In the final analysis, President Kim's success depends on it.

To say it in plain language, if globalization as a basic national policy will serve only to make *chaebol* prosperous while adding to imbalances on domestic fronts, it will ultimately be an achievement too hollow and questionable for President Kim Yong-sam, let alone other presidents, even if the economy might grow and exports increase.

Conversely, if the president, who has led various reforms with his morality as his main weapon, stops being preoccupied with audit-and-inspection-related reforms; if he faces up to the fact that younger generations — who made a start in life with high moral consciousness in the dark, depressive era from the 19 April [1960] uprising through today, particularly in the 1970s and 80s — now account for a major portion of the backbone of our society; and if he succeeds in making social structures clean and transparent by institutionalizing their moral resources, then his leadership will receive high ratings not only at home but throughout the world.

President Kim Yong-sam needs to rediscover himself. It seems indeed necessary that he remembers his spirit of the old days when he had *k'algugsu* noodles for lunch, but more important is for him to recover the leadership that breathes with the masses. For the present, he is way off that line.

#### **Yi Pu-yong, Kim Kun-tae's Roles in DP Viewed**

952C0108A Seoul WOLGAN CHUNGANG in Korean  
Apr 95 pp 244-250

[By reporter Pak Sung-hui: "DP's Carriage and Pair: Yi Pu-yong, Man of 'Harmony,' and Kim Kun-tae, 'Master Organizer' — the Two Former Reformists Challenge Established Politics 'Competing and Cooperating'"]

[FBIS Translated Text] Yi Pu-yong, vice president of the Democratic Party [DP]:

- A boss who emphasizes harmony;
- his theoretical evolution: an advocate of a unified presidential candidacy to a champion for an end to the two-Kims era;
- a first-term assemblyman whose adaptability to real politics is worth an "exclamation mark";
- resigned from the Reformist Political Group [RPG] in February 1995.

Kim Kun-tae, vice president of the DP:

- A master organizer;
- his theoretical shift: from "critical support" of Kim Tae-chung [KTC] to a grand alliance of pro-democracy forces;
- a freshman politician whose adaptability to real politics is viewed with a "question mark";
- declined the post of DP vice president guaranteed for him pending a decision at the national convention in August 1995.

### "Kim the Unprosecutable" Joins Conservative Camp

"I have thrust myself into realistic politics in quest of a horizontal transfer of power between the ruling and opposition forces."

"Although I had had a dream of a new political climate focused on line issues, I found the wall of the existing, inveterate climate too high to scale with all its webs of personal connections and regionalism."

The first quote above is from a speech by Kim Kun-tae made at the DP national convention on 25 February, proclaiming his entry into the DP and explaining his decision to come into real politics. The second quote is from the remarks snapped out by Rep. Yi Pu-yong, DP, at a 17 February gathering of the RPG, a group in the DP of assemblymen who were formerly *chaeya* [reformist camp] activists, resigning as the group's chairman.

Kim Kun-tae was once called "*chaeya*'s master organizer" while Yi Pu-yong was referred to as "*chaeya*'s face." The two and Chang Ki-pyo were known as *chaeya*'s troika. Now, the two stand-side-by side in a sphere called real politics — and in the same political party, the DP.

Together, they gained fame as *chaeya* activists in the 1970s and 80s. Although so weakened now that it can hardly be viewed as a political factor, *chaeya* was significantly influential when the two were working in it. In the mid-1980s, its influence on the political sphere was so great that Kim Yong-sam [KYS] and Kim Taechung [KTC] sought its assistance. Kim Kun-tae and Yi Pu-yong led *chaeya* movements, one as a master organizer and the other as a boss stressing harmony. In connection with their activities in the past, some of his former colleagues see them as a good contrast with each other.

Kim Kun-tae was born in Puchon, Kyonggi Province in 1947. He entered Seoul National University [SNU] in 1965 and took the economics course at the school of commerce. His outstanding brains and organizing ability made him a sort of godfather of the student movement in that school. Later, following his involvement in a SNU student civil disturbance conspiracy case, he played a part in labor movements in the Inchon area. Kim was known for his analytic and logical way of thinking, and he excelled in organized movements and was viewed as a first-rate organizer.

He is clean in conduct and, moreover, manages his own affairs and affairs of people around him in a meticulous fashion, a fact that made it difficult to find him once he went into hiding in his pro-democracy movement days. That earned him the nickname of "Kim Kun-tae

the unprosecutable" — a sly dig at authorities who, often unable to file charges against him because of his elusiveness, had to treat him as an "unprosecutable case."

Even when put on trial, he used to make logical rebuttals in person by citing provisions of the statute. He was known for persistent self-assertions for clinging to his political line. In the view of many, that tenacity of his, after all, led to his belated entry into real politics. Officials of intelligence agencies, exasperated, used to call him a venomous character. He once exposed a torture case against him, then held on to it so persistently that it earned him the description "torture = Kim Kun-tae."

### Yi Pu-yong's Quick Circumstantial Judgement

By contrast, Rep. Yi Pu-yong is a gentle and affable person. Many are of the opinion that an ex-*chaeya* activist, he is nevertheless a relatively reasonable person. Born in 1942 in Seoul, he entered the SNU school of political science in 1961. On graduation, he joined TONG-A ILBO as a reporter but was dismissed in 1975 in the TONG-A "struggle committee" case. He and Kim Kun-tae attended the same university, although it was different schools and different years.

While Kim Kun-tae, using a closely-knit organization, persisted solely in underground activity, Rep. Yi Pu-yong was outstanding in his quick judgement, and in his ability to respond to circumstantial change in a flexible manner. This can be seen in the fact that, after going into real politics, Yi moved on from the Masses Party to the Committee for Democratic Alliance, to the former Democratic Party (also known as "the Little Democratic Party"), and to the DP. Because of that behavior, some of the critics view him as possibly lagging behind Kim Kun-tae in the ability to control organization.

Kim Kun-tae remembers that he and Yi Pu-yong met for the first time in the latter half of the 1970s after the TONG-A "struggle committee" trouble occurred. At the time, Yi had been dismissed as a TONG-A ILBO reporter because of that trouble, while Kim was wanted by the police in the SNU students civil disturbance conspiracy case and an Emergency Measure violation case. They met briefly at a *chaeya* activists gathering, according to Kim. Neither side can recall details of the encounter, a fact suggesting that it was perhaps not a very impressive one.

Later in the 1980s, Yi Pu-yong opened a translating office near Kwanghwa Gate. As *chaeya* activists began to get together there, their relationship grew closer, beginning in 1981. Thus, when the Federation of Youths for the Democratization Movement (Minchongnyon)

was formed in 1983, Kim Kun-tae became its first chairman, and Yi Pu-yong a member of its steering committee. Thus began their organizational relationship. The two formed comradely ties between them, forming the Masses Democratic Movement Council in 1984 to promote pro-democracy movements together.

Then, beginning in 1990, they stopped being publicly seen together. That was because Yi Pu-yong called for turning *chaeya* into a political force and formed Minyonchu [Committee for Democratic Alliance] to launch into *chedokwon* [conservative camp] politics. Kim Kun-tae's belated political debut means that they are now together again, in real politics this time; at the same time, it signals the start of competition between them in the same political party.

Especially, since their political aspirations as ex-*chaeya* activists are to break the existing, traditional framework of Korean politics, the moves of the two are drawing public attention. Still, it is a fact that the ideological progressiveness they represent is a far cry from our current political realities. It will be interesting to see how their future activities will impact on new political experiments in this country.

While together involved in *chaeya* movements in the past, the two demonstrated their policy and ideological differences roughly on two occasions. The first time they did so was during the 1987 presidential election campaign. At the time, they were both in prison. The June uprising that year led to the 29 June declaration [issued by No Tae-u, then DJP presidential candidate] in connection with the imminent presidential election. And *chaeya*, which had played a leading role in the June uprising, was plunged into infighting as the "two Kims," KYS and KTC, announced their candidacies.

### Split Campaign

Showing tactical differences, Yi Pu-yong of Mintongnyon [Federation of Mass Movements for Democratic Unification] took the side that demanded "unified candidacy" for the opposition, while Kim Kun-tae of Minchongnyon decided at the last minute to go for "critical support for KTC." The difference between them eventually led to a meeting of all *chaeya* forces for an unprecedented vote. The result of the vote was not binding, however. Rather, it was detrimental to their solidarity; more seriously, the election put them to a disappointing defeat.

Kim Kun-tae, recalling those days, said recently: "Basically, you cannot say that there was a political-line difference between me and Mr Yi Pu-yong at the time. That is because, for both Mr Yi and me, there was no change in our basic, unified-candidacy principle."

It was rather in 1990 that their differences took a more serious turn, as Yi Pu-yong, along with Chang Ki-pyo, called for the immediate conversion of *chaeya* into a political force.

This was opposed by Kim Kun-tae, then in prison, who said that "it is premature for *chaeyas* to go into real politics." But Yi Pu-yong insisted that "we should form a powerful opposition party at once to band all the reformist forces together and break into *chedokwon*."

Both of them apparently were hurt deeply by differences over their interpretations of the meaning of real politics. Kim acknowledged it, saying: "It pains me but it is true that we differed over the line issue." Such differences in the past are nothing, however, compared with those connected with their current situations and their anticipated future courses.

For the moment, they both hold the post of vice president in the DP. Kim Kun-tae was received in that post when he and 82 members of the Reunification Era National Council [RENC] joined the DP recently. Kim and Yi became party vice presidents through different processes. In Yi's case, he was elected vice president at the DP national convention in March 1993. So, it can be said that he passed the test as a party politician. This fact weighs heavily in the world of political parties, although they both carry the same title as DP vice president. Moreover, in the opposition camp dominated by factional politics, Yi Pu-yong has the record of once leading his own faction, the RPG, although it ended in failure.

By contrast, Kim Kun-tae is an apprentice in real politics. Although he was, in *chaeya*, commonly acknowledged to be a realist, he had no experience in party life before joining the DP. Casting off the old *chaeya* skin, he entered real politics and, as a result, is confronted with things new and unfamiliar to him. He already felt it keenly in the process of the merger with the DP, he said.

Political parties naturally view elections as a means to gaining power. When Kim Kun-tae joined the DP, therefore, the DP — with regard to some of the 82 members of his group he was taking with him into the DP — raised questions about their chances of being elected, passing a harsh judgement that they are "insufficient in qualifications." It was for this reason that when negotiations were underway on the share of power in the party, the DP refused to give more than 10 percent. From the comradely attachment unique to the *chaeya* world, Kim Kun-tae in his speech at the recent DP national convention, declared that "in the process of the merger, it distressed me to find that we apparently were not welcome," and "I cordially decline

the post of vice president that I was guaranteed to have at the August national convention." Many in the DP were critical of his behavior, which they said is hardly understandable at political party levels.

#### **Yi Pu-yong's Failure in Line Politics**

Kim Kun-tae — whose *chaeaya* activities focused on clarity and a select few organizers — is unskilled at rephrasing his language into that of the majority of people to help bring his position and his elaborate logic home to them. In October last year when rumors began spreading of the merger, Kim Kun-tae met with reporters in a Seoul restaurant. That time he used the so-called dissident jargons such as "regional masses" and "Cold War-oriented conservatism" with no rephrasing effort. For that, he was put to some stinging criticism from reporters.

Kim's *chaeaya* days trademark was "going my way." It remains a question how he will adjust his obstinacy to political realities in this country known for compromises and turnabouts. In short, in their adaptability to real politics, while Yi Pu-yong has reached a level deserving an "exclamation mark," Kim Kun-tae is being viewed with a "question mark."

However, as far as the variables of the opposition's factional politics are concerned, they seem to be in similar positions. The reason: Yi Pu-yong, by resigning as chairman of the RPG, drank his bitter cup served in the form of the failure of the line politics which he had launched under the banner of new politics.

The RPG was formed in 1992 by the two groups of ex-*chaeaya* activists in the DP — Pyongminyon [Research Group for Peace and Democracy] which gave KTC what it called critical support in the 1987 presidential election, and Minnyon [Democratic Alliance] which called for a unified candidate. However, it frequently showed internal differences over its relationship with the Tonggyodong faction, the biggest faction in the DP. At the same time, most of its legislators were pro-KTC, causing the problem of dual factionalism. Thus, RPG activities in the DP proved to be limited ones.

The latest revolt occurred during the DP struggle to press for the indictment in the 12 December [1979] case. At the time, KTC, who was watching the out-of-parliament struggle led by DP Chairman Yi Ki-tae, signaled for an "in-parliament settlement." Yi Pu-yong angrily reacted against it. "It is an act tantamount to stripping the commander going to war of his helmet," said he.

Then, conversely, legislators in the RPG who formerly belonged to the pro-KTC Pyongminyon began criticizing Yi Pu-yong. Subsequently, as the intraparty friction

intensified over the issue of moving up the next national party convention, the division within the RPG also gained momentum. Eventually, Reps. Yim Chae-chong, Kim Yong-chin, and Pak Sok-mu, who all had belonged to Pyongminyon, openly voiced their complaints and Yi called it quits.

Commenting on his resignation then, Yi Pu-yong said recently: "First of all, I sought to lighten the burden on colleagues in the upcoming local elections. Second, I wanted myself to be free." On his future course, he said he "would not regret giving up my seat in the National Assembly," and that "for the time being, I would like to be free of everything," suggesting that he will not make any hasty attempt to form his own group again but remain a loner in the party.

#### **The Two Not Free From the KTC Factor**

About forming his own group in the DP at least, Kim Kun-tae also has his reservations, for now. In his *chaeaya* days, he cried for the grand alliance of pro-democracy forces; it still occupies his mind. "I will expand the scope of my activity with emphasis on the Reunification Era National Council, to begin with," said he. This comment of his could be seen as suggesting that he will endeavor for a pan-opposition amalgamation of reformist forces for a horizontal transfer of power.

The two persons, Yi Pu-yong and Kim Kun-tae, are burdened with a common problem: In the DP, they cannot be free from the KTC factor.

Speaking of their relationships with the KTC alone, Yi Pu-yong is in very bad shape while Kim Kun-tae maintains harmony, forming a striking contrast. Yi's estrangement has been in evidence on various occasions. Yi saw KTC last on 1 December last year at the founding general meeting of the Asia-Pacific Region Democratic Leaders Congress, held under the auspices of the Asia-Pacific Peace Foundation. Yi himself acknowledged that all he did with KTC that day was shake hands during a public function.

Yi Pu-yong's resignation as RPG chairman stemmed from the discord between him, who stresses the clarity of the political line, and the Tonggyodong faction attaching importance to factional interests. When the intraparty crisis was underway because of the discord between KTC and Chairman Yi Ki-tae late last year, Yi Pu-yong leaned toward the Yi Ki-tae side. This prompted the Tonggyodong faction to suspect that he perhaps was going to be a loner. It is even on its guard against Yi.

By contrast, Kim Kun-tae maintains a special relationship with KTC, through the merger process in particular. They have developed close ties since he first met

KTC in 1987, with leaders of Chonminnyon [National Democratic Alliance of Korea] then, so close that they discuss current political issues together these days.

Some say that KTC is sympathetic with Kim Kun-tae's doctrine on the grand alliance of pro-democracy forces and agrees to what he calls the need for a horizontal transfer of power. Late last year, when Chairman Yi Ki-tae was feuding with the Tonggyodong faction over the timing of the DP national convention and other issues, Kim Kun-tae visited KTC at his residence in Tonggyodong, urging compromises. An assemblyman of the faction openly said "Yi Pu-yong is on the decline but Kim Kun-tae is a rising star."

Yi Pu-yong, called a *chaeya* boss stressing harmony, and Kim Kun-tae, called a master organizer, differ more or less in their diagnoses of problems and realities in Korean politics.

Yi Pu-yong, in a recent interview with a weekly, cited "the regional rivalry and the new three-Kims era" as the problems. "After the local elections are held in June, we will see the regional division re-emerging with all its distinction," he said, noting that "it is frustrating that we can do nothing about it under the present circumstances."

"It is the task confronting our politics today to overcome regional rivalries and the consequences from the abandonment of reforms by KYS." "In the past, there was the distinction of the ruling camp versus the opposition, pro-democracy versus anti-democracy, or integrity versus money-making. All these things no longer hold any meaning these days," said Yi Pu-yong. He even declared that the three Kims who promote regional rivalries are unfaithful to justice.

#### Difference in Approach to Generational Change Issue

Kim Kun-tae cites the "unstable thesis of reformism versus conservatism" as the problem of the current politics. Calling for a grand alliance of pro-democracy forces to bring KYS — who tied up with the conservatives through the illicit merger three-party merger — back to the reformist forces, he asserts that an unconditional denial alone will not resolve the issue of the political

world dominated by the two Kims. Instead, he shows his polite expectation for cooperation by the two Kims as a means to achieve a horizontal transfer of power, an aspect demonstrating his position as a champion of realism based on organization theory.

The two differ in their approaches to the issue of generational change. Yi Pu-yong fears the possibility of further regionalism and a constitutional amendment for shifting to the cabinet system created by the appearance of the Kim Chong-pil-led new party, which he believes have effects restricting the growth of new political forces. In his view, it is the three Kims who stand in the way of generational change. At the same time, he laments that there are no political forces today worthy of a "post-three-Kims era." To break this situation, therefore, he presents a "gimlet theory." Claiming metaphorically that a hammer is no good for breaking the present configuration, he stresses the need for the appearance of new-generation politicians with gimlet-like piercing abilities.

Kim Kun-tae seeks a bud of generational change in the creation of a two-Kims-type political configuration. He takes note of the fact that the two Kims, while immersed in *chedokwon* politics for more than two decades, reflexively built leadership in the process of resisting the dictatorial military regime. Therefore, his view is that now that the old configuration is gone, it is necessary to "produce" a clear-cut new setup of reformism versus conservatism in order to create new leadership comparable to the two Kims. He argues that successful generational change depends on whether such a configuration can be produced or not.

It is still premature to make a prediction on the possibility of an alliance between the two persons. That is because Kim Kun-tae is saying he "needs time to study real politics," and because Yi Pu-yong also says of Kim that "the only thing I can do is to watch over him, hoping for his early adaptation to real politics." An assemblyman belonging to a reformist group in the DP observes: "In terms of a political line, it is very possible that the two will form an alliance at a relatively early date. However, considering the positions they took in dealing with realities, it seems difficult to believe that they will be taking cooperative actions very soon."

## Brunei, Malaysia & Singapore

### Malaysia

#### Daily Criticizes 'Weakness' of G-7 Leaders

*BK2106050895 Kuala Lumpur UTUSAN MALAYSIA in Malay 21 Jun 95 p 6*

[Editorial: "The World Is Short of Authoritative Leaders"]

[FBIS Translated Text] The summit of the group of seven rich nations [G-7] that ended in Halifax, Canada, last Saturday has once again showed that the world is short of authoritative leaders.

A joint communique issued at the end of the summit completely failed to "respond" to major issues that are seriously threatening the world.

The "most powerful" leaders seem to have no power to do anything to end the Bosnian conflict, which has become the worst humanitarian crisis in Europe since the end of World War II, or avoid a trade war that could weaken efforts to create free markets in the world. Calls for an immediate end to fighting in Bosnia-Herzegovina have been ignored. On the contrary, the fighting has intensified.

Russia's arbitrary invasion of the Muslim-populated republic of Chechnya was not mentioned in the communique.

The United States and Japan failed to settle their trade dispute. President Bill Clinton will be forced to restrict the import of luxurious Japanese cars from 28 June if further talks in Geneva fail to produce something tomorrow.

Even worse, the G-7 leaders seem to have failed to see issues objectively.

They have urged the world community not to assist Iran in developing nuclear weapons, although that country is a party to the nuclear Non-Proliferation Treaty [NPT]. The International Atomic Energy Agency can, thus, freely investigate Iran's nuclear sites.

Ironically, the G-7 has been silent about Israel despite evidence that Israel has some 200 nuclear weapons. Moreover, Tel Aviv has not signed the NPT.

They have also been silent on France's decision to resume its nuclear tests in the Pacific. The weakness of the G-7 leaders comes as no surprise, because they generally have no strong positions in their respective countries.

Clinton is facing strong opposition from the Republicans who control the Congress. In Britain, John Major's fate continues to be a matter of speculation. Criticisms

against him focus primarily on Britain's policy within the European Union.

In Japan, Tomiichi Murayama heads a weak coalition government, and the fact that his party is not dominant within the coalition will enable other parties to challenge and topple him if parties switch sides.

German old-timer Chancellor Helmut Kohl and French newcomer President Jacques Chirac are facing a popularity problem in their respective countries.

The "peaceful" world does not seem conducive to the emergence of authoritative leaders, because most prominent statesmen, such as Franklin Roosevelt from the United States, Winston Churchill from Britain, and Charles de Gaulle from France, emerged when the world faced a major crisis.

We hope that we will not have to wait for or trigger another world war to have authoritative leaders. In fact, authoritative leaders are needed more urgently in the peaceful world, but we cannot expect such leaders to come from the G-7.

#### Official: No Pressure on Joining EAEC

*BK2206105795 Kuala Lumpur UTUSAN MALAYSIA in Malay 22 Jun 95 p 3*

[FBIS Translated Text] Kuala Lumpur, 21 June — Malaysia will not apply any pressure against countries which are reluctant to join the EAEC [East Asia Economic Caucus].

Dr. Leo Michael Toyad, deputy minister of foreign affairs, said the government always uses a diplomatic approach with those countries, especially Japan and South Korea.

"We always listens to the views on the matter expressed by the countries concerned," he said in his response to a query raised by Abdul Rahman Sulaiman (National Front MP from Parit Buntar) at a parliamentary hearing here today. Responding to a query by Dr. Tan Seng Giaw (Democratic Action Party MP from Kepong) on the EAEC talks, the minister said there is no problem arising from the ongoing talks. He said it will take time to make the EAEC talks a success because several East Asian countries are still unsure about EAEC establishment.

"We hope that encouraging developments will emerge during the talks and countries involved in the talks, especially Japan, will finally decide to join the EAEC," he said.

Replying to a query by Kamarudin Ahmad (National Front MP from Arau) on the prime minister's recent

visit to Japan to hold talks with that country's leaders on the EAEC, the minister said the talks centered on Australia's request to join the grouping. He said Australia may join the grouping if it adopts Eastern values and abandons Western ones.

The minister said the EAEC is not opposed to APEC [Asia-Pacific Economic Cooperation] because EAEC is only a forum aimed at discussing economic cooperation among EAEC and APEC countries.

#### Expanding Small-Scale Investment in Vietnam

*BK2106125395 Kuala Lumpur Voice of Malaysia  
in English 0800 GMT 21 Jun 95*

[FBIS Transcribed Text] The existing respective country-level friendship associations in Malaysia and Vietnam can serve as vehicles for Malaysian investors to explore opportunities in small- and medium-scale industries [SMI's] in Vietnam. This is especially so in the absence of a Malaysia-Vietnam business council.

Light Industry Minister of Vietnam Dang Vu Chu said the Vietnamese chapter of the Friendship Association could provide a pool of potential local partners for interested Malaysians.

Dang, who is also chairman of the Vietnam-Malaysia Friendship Association, raised the matter during talks with a three-man delegation from the Malaysia-Vietnam Friendship Association led by Haji Mustapha Yaacob.

Dang said he would take note of Mustapha's suggestion that Vietnam, upon becoming ASEAN's seventh member next month, should consider giving special incentive and priority to Malaysian and other ASEAN companies investing in SMI's in Vietnam.

#### Bid To Serve as Regional Economic Center Viewed

*BK2106142495 Kuala Lumpur Voice of Malaysia  
in English 0810 GMT 21 Jun 95*

[FBIS Transcribed Text] Malaysia stands in its bid to serve as a regional center and base for a wide-range of economic activities following its strong linkages with East Asian nations, and other countries from the Pacific Rim.

Actually, the idea of Kuala Lumpur becoming a financial center has been mooted for years. As such, the country's strong economic showing over the last few years has meant that the goal is now much closer to be realized.

In 1994, Malaysia's trade with the Pacific Rim countries constituted 78.3 percent over global trade of U.S. \$96.8 billion as compared to only 14.5 percent with the European Union.

Malaysia's trade with East Asia meanwhile is 56 percent or U.S. \$67.91 billion in 1994, up 26.2 percent over its trade in 1993.

At the same time, seven out of Malaysia's 10 largest trading partners are from the East Asia region, including Japan, which contributed 34.6 of the total U.S. \$64.83 billion in value of trade. In Singapore 31.1 percent and Taiwan 7.2 percent. However, total investment from eight Pacific Rim countries, namely the United States, Taiwan, Australia, Korea, Canada, China, Japan, and New Zealand from 1992 to 1994 accounted for 32.2 percent of total investment in the manufacturing sector.

All in all, the statistics present an idea of Malaysia's strategic economic position in the Pacific Rim, and within the nucleus of the Pacific Rim, and how it could effectively and competitively serve the dynamic hub of the Pacific Rim, in particular East Asia. East Asia meanwhile, contributed 25 percent to the world's economic output in 1994. Malaysia has always been active in the Pacific region. For example, it was the first ASEAN country to join the Pacific Basin Economic Council, PBEC.

Apart from that for the past seven years or so, Malaysia has played host to the Asia-Pacific Round Table, a security forum which for the first time in Pacific history brought together all the friends and foes of the Pacific into a caucus of talking and reasoning together. However, for the countries in the Pacific to continue prospering, there is a need to enrich and strengthen Pacific interdependence and cooperation. On top of that, everything in action in the Pacific, in its own way, should also work hard to contribute to the making of an industrious community of cooperative peace and prosperity in the Pacific.

In this context, each and every nation must remember that they are contributing to Pacific interdependence and community building when they improve bilateral relations, neighborly relations, and foster peaceful neighborhood and a flourishing one. All has to be part of this multilayered, multidimensional causes of Pacific community building.

#### Cambodia

##### Reportage on Rangsi Expulsion From Assembly

##### Formal Announcement Made

*BK2206021795 Hong Kong AFP in English  
0201 GMT 22 Jun 95*

[FBIS Transcribed Text] PHNOM PENH, June 22 (AFP) — The Cambodian parliament on Thursday formally announced the expulsion of controversial former

finance minister Sam Rangsi, ending at least one battle in the drawn-out war between him and government officials.

Rangsi, an outspoken critic of government corruption, was kicked out of the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] party last month after announcing his intention to start a new political alliance. Party leader and First Prime Minister Prince Norodom Ranariddh then requested his expulsion from the National Assembly.

The vote to expel Rangsi was taken Monday in a closed meeting of the parliament's permanent committee, but was formally announced in the National Assembly shortly after the body convened at 8 a.m. by vice-chairman Loy Sim Chheang.

After the announcement, most members of parliament left the building and Rangsi, in front of a nearly empty chamber, told reporters that his fight against the expulsion and corruption would continue.

"After serving two years in parliament I leave the National Assembly today under constraints but with pride for the contributions I have made to promote the rule of law in Cambodia," he said.

"I have already stated at length the legal arguments regarding my dismissal, and I wish to say that my physical departure from the national assembly today does not mark the end of the issue, but rather its beginning," he added.

#### **'Observers' Comment**

*BK2206034595 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 22 Jun 95 pp 1, 11*

[FBIS Translated Text] Sam Rangsi's seat in the National Assembly, the last in his political life, will be pulled from under him on Thursday, 22 June, and he will be replaced by Nu Sangkhan, who currently is the under secretary of state for public works and transport. Nu Sangkhan was a representative of Siem Reap with his name coming second to that of Sam Rangsi on the list.

A member of the National Assembly's Standing Committee, who requested anonymity, told REAKSMEI KAMPUCHEA by phone on the morning of 20 June that the Standing Committee discussed Sam Rangsi's expulsion on the afternoon of 19 June and agreed to submit it to the National Assembly's plenary session in the morning of 22 June just before the National Assembly debates the draft press law.

This high-ranking National Assembly official further revealed that the legal procedure for Sam Rangsi's expulsion does not permit any debates; it merely requires a statement announcing his expulsion and his replacement. This procedure has been followed before.

Observers said the turnaround in the situation leading to the final decision to expel Sam Rangsi took place when the last chance given Sam Rangsi by FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], or more exactly Prince Krompreah Norodom Ranariddh who is chairman of the FUNCINPEC Party, expired. That chance was for Sam Rangsi to make an apology to the party and the party chairman for all of his misconducts and violations, perceived or real, against the party's statutes and internal regulations.

The week before, the National Assembly's Standing Committee was already on the verge of discussing the proposal to expel Sam Rangsi, but following some changes of mind in the FUNCINPEC Party and to smooth out the expulsion the Standing Committee decided to postpone the discussion. It was understood that this postponement was requested by the FUNCINPEC Party, which wanted to see Sam Rangsi's final response first. A number of FUNCINPEC Party officials believed that the Sam Rangsi problem would improve if he apologized to the party, and the prince krompreah, too, seemed to be prepared to show some measure of clemency toward Sam Rangsi on the grounds that he did not want splits in his party when the elections for the second term are not too far away.

The final decision to expel Sam Rangsi was made after the latter sent a letter to Prince Krompreah Norodom Ranariddh in which he did not express any apology or remorse for his mistakes.

Sam Rangsi wrote a letter to the prince on 13 June mostly to explain and advise rather than to admit and seek penance for his guilt.

Observers think it was for this reason that the FUNCINPEC Party decided to stick with its rules.

#### **Reaction From Australia**

*BK2206065895 Hong Kong AFP in English  
0637 GMT 22 Jun 95*

[FBIS Transcribed Text] CANBERRA, June 22 (AFP) — Australia expressed qualified regret Thursday over the expulsion of former Cambodian finance minister Sam Rangsi from the country's parliament.

The action would be regrettable if it sought to silence critics of the Cambodian government, said a spokeswoman for Australian Foreign Minister Gareth Evans.

Rangsi, an outspoken critic of government corruption, was formally expelled Thursday from the National Assembly.

He lost his portfolio in a cabinet reshuffle in October and his place in the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] party last month, raising fears about the state of Cambodia's emerging democracy.

"Australia's position on Mr. Rangsi's expulsion is that it would be regrettable if the mechanism to dismiss him was a way to silence the government's critics," Evans' spokeswoman said.

"If it is a political decision, then that is a matter for the Cambodian people she added. "Australia is always interested in upholding constitutional principles."

But the spokeswoman said democracy in Cambodia "cannot be created overnight."

#### Fallout From CBC Banking Scandal Examined

BK2106122195 Phnom Penh PHNOM PENH POST  
in English 16-29 Jun 95 pp 1, 8

[Report by Nate Thayer]

[FBIS Transcribed Text] National Bank governor Thao Pengleat will be dismissed from his post in coming weeks, sources say.

The firing will take place after the official results of an independent audit commission set up by the Prime Ministers to investigate the Credit Bank of Cambodia (CBC) affair, and irregularities of the National Bank governor and associates, according to several senior government sources.

"The decision to fire him has already been made," said one senior government official.

Caught in the fall-out for political reasons, according to senior officials, will be MP Sam Rangsi's wife — the National Bank deputy governor, Chulong Somura.

"Fire Thao Pengleat to limit the damage of the banking scandal and fire Somura for larger political reasons," said one senior official. "It will be the recommendation of the committee."

Somura, in an interview with the POST, said any investigation would show she had done nothing wrong, and that any such move could be interpreted as political harassment. If the rumors were true, she said, she would strongly demand that reasons be given.

At a meeting of the Council of Ministers on 7 June, the two Prime Ministers ordered National Bank governor Thao Pengleat not to leave the country pending the

outcome of the investigation, according to senior government officials who attended the meeting.

But the audit commission was not formally approved as of 14 June and the CBC has re-seized control — with armed guards — of its property and assets.

The National Bank governor, who remains in authority, has refused to intervene telling government appointed auditors it is a "private affair."

The CBC was officially closed and its assets seized by the National Bank on 6 May, citing a string of violations of Cambodian laws, including failing to maintain minimum capitalization and refusal to provide the government with basic reporting of bank activities.

The bank and its principal shareholders face a number of criminal and civil charges in Canada and Cambodia ranging from laundering drug money to defrauding creditors.

The scandal expanded when the National Bank governor and other officials were accused of illegal and irregular practices by giving preferential treatment to the CBC and allowing assets to be removed from the bank after its official seizure.

But despite these embarrassing revelations in public in recent weeks, the government appears to have further lost control of the situation in recent days.

On 7 June, when the independent auditors appointed as liquidators showed up at the CBC, they were met by AK-47 wielding "private security guards" who refused them access to bank premises — on the order of the CBC chairman Si Vengchun. The guards, who remained in control of bank premises at press time, were dressed in official police uniforms.

The effective re-seizing of bank assets by the CBC appears to make a mockery of government claims to have taken control of the CBC.

Says a senior official following the scandal: "When armed guards hired by a private company are able to prevent government appointed administrators from entering a seized bank, then it really raises questions of whether the government is either sincere or in control."

Also on 7 June the government approved accounting firm which serves as liquidator of the closed bank received letter from Si Vengchun ordering them "to postpone your activity at the Credit Bank of Cambodia from 29 May 1995 on. We will no longer allow you to go in and out of the credit bank," according to the CAMBODIA DAILY newspaper.

Sun Chanthol, secretary of state for the Ministry of Finance who is expected to be chairman of the new audit

committee, told the POST on 10 June that shutting out the auditors was unacceptable. "This is crazy. We will order the administrators to be allowed in."

He said that the CBC scandal "is the trigger that will begin the cleanup of the banking system. We are very serious about this."

The government is officially in control of bank assets, although they have been barred from the premises by the CBC. On May 11 Thao Pengleat announced that "the decision to withdraw the license was taken...to protect the interests of banking customers. We immediately placed a team of National Bank administrators at the premises of the Credit Bank...."

"We are now in the process of appointing an independent, professional administrator from among a group of international auditors accredited to work with the National Bank," the governor said.

In reality, the auditor has received "virtually no cooperation" from either the CBC or from Thao Pengleat since being appointed last month, according to the auditors and government officials.

When the auditor protested being ejected at gun point to both the Ministry of Justice and the National Bank governor last week, they were informed by the National Bank governor that this was "a private matter" and the National Bank would not intervene. As a result, one month after the CBC was seized, neither the National Bank nor any independent auditor are on bank premises or in control of the assets.

"This is an embarrassment," said a senior government official. "Now they can change whatever accounting, whatever books they want."

The latest embarrassment is one in a series that have prompted the two co-Prime Ministers to intervene. On the night of June 7 at a meeting of the Council of Ministers, they ordered the formation of a special audit committee controlled by the Ministry of Finance to investigate alleged improprieties by the National Bank and investigate the CBC affair.

In regards to the allegations of National Bank malpractice, Sun Chanthol said "we will get to the bottom of this. We want to know why bank assets were allowed out after the CBC was seized. We want to know why a loan was given by the National Bank to the CBC" to create the minimum capitalization that resulted in the issuing of an operating license last year.

The CBC scandal began unfolding in March, when the CBC principal shareholders lost 1.5 million dollars in Chicago futures trading. This prompted a Canadian securities firm Marlieu Lemire to seize the assets of the

traders — including the CBC bank. It soon unfolded that the CBC bank had few assets and had misrepresented its financials to Cambodian authorities and to the Canadian securities firm.

The National Bank — particularly governor Thao Pengleat — are accused of irregularities in the licensing, supervising, and later closing of the CBC.

At issue is a highly unusual 1994 loan from the Cambodian National Bank and approved by the bank governor to CBC bank chairman Si Vengchun and his wife Leng Kilech. The \$3 million loan of government funds was to establish minimum capital requirements which then allowed the National Bank to issue a private bank operating license to the CBC. According to Cambodian law, the National Bank is not allowed to make private loans and should not be accepting a loan — from its own reserves — in lieu of capital deposits to establish a private bank.

Further, it emerged in April that principal CBC shareholder Leng Kilech is under indictment for 8 counts of laundering drug money in Montreal.

But further disturbing to Cambodian authorities and to the CBC bank creditors, the National Bank governor authorized the removal of funds to personal associates after the bank's assets were frozen on 6 May.

Bank documents obtained by the Post show that former commerce minister and newly appointed Ambassador to Washington Va Huot deposited \$145,000 in 100 dollar bills in his personal account at the CBC on 4 May. The move was viewed as highly unusual given that it was well known that the CBC assets were about to be frozen on 6 May.

It was also illegal as the funds were government money. In a telephone interview from Washington, Huot acknowledged that the funds were government money intended for use at the Washington embassy. He said that he deposited the money in order to transfer it to Washington, but refused comment when asked why the money was only deposited and no request for transfer was made. He also refused to comment when asked why he withdrew the money from the government account — which could have been directly transferred to Washington — and deposited it in the CBC, which has no relationships with a foreign bank to allow for direct transfer.

But what appears to be one of the most egregious and unusual moves was the withdrawal of Va Huot's money, with the written permission of Thao Pengleat, on May 8, two days after all the banks assets were officially seized.

Sun Chanhol said that the new audit commission will investigate both the CBC and the National Bank handling of the affair. "The government is taking the right action to oversee the audit. We want to bring to the surface any irregularities of the CBC, to see whether they met their minimum requirements. We want to look into the reports in your newspaper that funds have been transferred after the closure of the bank. We want to know why action has not been taken by the proper authorities. We want to know who authorized the transfer of money from the CBC after the bank was closed. And we want to know why the National Bank governor gave a loan of government money without permission."

He said "we will take action to ensure that all discrepancies have been brought to the surface so that the banking system is reformed and that it is fundamentally sound. That is the objective. And we will complete it in a matter of days." Sun Chanhol said that he expected the audit committee to begin investigating by 16 June and its conclusions and recommendations to be made "in a week at the most."

Thao Pengleat has denied all charges of improprieties. "These allegations are false," he told the Cambodia Daily on 6 June. "Somebody would like to de-stabilize the government through the National Bank of Cambodia."

Thao Pengleat has accused deputy governor Somura of being part of a "political plot", according to diplomats and other government officials. No one has accused the deputy governor of any involvement in the banking scandal or other improprieties.

Says Somura: "I wonder who would be able to topple the government through de-stabilization if the National Bank hasn't done anything wrong? If the leadership of the National Bank is faultless, then the governor should not be worried. If the leadership of the National Bank has done something wrong it is normal that the scandal is made public. These are not political questions. They are technical questions, period. Either there has been irregular or illegal conduct by officials of the National Bank or not."

But senior government officials say that the two Prime Ministers will use this opportunity to also fire Somura. "The decision to fire Thao Pengleat and Somura has been made," said one source.

Somura told the POST on 13 June that "this a simple corruption case. No government in the world is immune to scandal. I don't see why any scandal should destabilize the government if the government takes proper action and takes the right sanctions. This is a very

democratic process. Instead, after taking the right steps such as forming the audit committee, the government will be more stable than before and the image of the banking system will be stronger. It shows the government is serious about a strong, sound banking system."

She vowed to fight any move to oust her. "Only people who have done something wrong should be sanctioned. Any investigation will show I have done nothing wrong. I have done what is within my power to limit the damage, to avoid a blow to the image of our country. At the moment they are trying to silence my husband, one kind of harassment is to take action against his wife."

**Sihanoukville Officials on CPP-FUNCINPEC Ties**  
**95P30105B**

[FBIS Editorial Report] The 12 April REAKSMEI KAMPUCHEA in Cambodian on page 2 published the comments of Sihanoukville First Deputy Governor Kim Bo on relationships with FUNCINPEC [Front for a United, Neutral, Cooperative, and Independent Cambodia] personnel. Kim, a member of the Cambodian People's Party [CPP], criticized "some people who have been saying bad things about the cooperation" between the two parties and who "do not respect the objectives of the Ministry of Interior." The newspaper noted that Kim Bo was responding to Sihanoukville's Governor Theam Bunsrun of FUNCINPEC who charged that municipal government personnel continued to operate at CPP direction only. Bunsrun claimed that "the manpower and the system is all CPP, there have been no changes to the structure at all."

Kim Bo argued that these claims denote "political partisanship which does not advance the leadership task," and termed FUNCINPEC's problems "unimportant." He noted that cooperation between the CPP and FUNCINPEC was "very good" and credited the Ministry of Interior for having established "very clear" guidelines for a working relationship between the two parties. He blamed Bunsrun for not carrying out ministry objectives, saying that "there are two administrations in Sihanoukville: one is the governor's, the other is that of the city authorities." He called the situation "tense," adding that his personal relationship with the FUNCINPEC 2d deputy governor and other officials in that party was "very good."

**Ke Kimyan Discusses Delegation of Authority**  
**95P30105A**

[FBIS Editorial Report] The 5 April REAKSMEI KAMPUCHEA in Cambodian on page 4 published remarks by Royal Cambodian Armed Forces [RCAF] Chief of

Staff General Ke Kimyan concerning problems with delegation of authority. Ke Kimyan told reporters that "even when I am not here, there are still many other generals who are deputy chiefs of staff who can make decisions." According to the newspaper, RCAF officers claim that senior personnel fail to assign others to act in their absence and "lower-ranking officers dare not make any decisions." Thus, no matter how minor, all decisions are deferred until the senior officer returns. The RCAF officers reportedly expressed concern that this practice could be very dangerous in combat.

#### **Complaints Over Late Military Salaries Continue**

**95P301015C**

[FBIS Editorial Report] The 12 April REAKSMEI KAMPUCHEA in Cambodian on page 5 published a report on appeals by Royal Cambodian Armed Forces [RCAF] staff personnel in Office No. 5 to the National Assembly regarding late salary payments. According to the newspaper, these troops asked parliamentarians on 10 April to compel the RCAF General Staff to pay February and March salaries and allowances, explaining that their needs were even more keenly felt than normal because of the Cambodian new year. They told reporters that when they asked their superiors in Office No. 5 about their pay, the response was that the RCAF General Staff headquarters had not yet released the funds. Noting that the General Staff had funds available to pay Khmer Rouge defectors, the Office No. 5 personnel commented that other staff personnel had been paid for those two months.

#### **Indonesia**

##### **Finance Minister Reviews U.S., European Visits**

**BK1906100095 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 19 Jun 95**

[FBIS Translated Text] President Suharto received Finance Minister Mari'e Muhammad at Merdeka Palace this morning. The minister reported on the outcome of his visits to New York, Boston, London, and Vienna.

Speaking to reporters after the meeting, Finance Minister Mari'e explained that he held meetings with various financial leaders during his visit in connection with the international financial and capital markets. The minister gave briefings on Indonesia's global economic developments over the past year. According to the minister, the briefings were important because these developments are strongly linked to investment.

Touching on the decline of the U.S. dollar against the yen, he said the decline has a direct impact on Indonesia, particularly in connection with its foreign loans. According to the minister, the problem can be

overcome even though it has an impact, particularly in connection with the 1996 draft budget that will definitely focus on more balanced estimated income and expenditure. On foreign loans, the minister explained that repayments will be made as scheduled.

Touching on his visit to Vienna, the minister explained that the visit was aimed at attending the OPEC Fund meeting. During the meeting, the minister was elected chairman of the OPEC Fund board. His tenure will last until 17 June 1996.

Finance Minister Mari'e Muhammad also reported that two state-owned agencies will go public in 1995 and will be listed on international stock markets. One of the two state-owned agencies, PT [Private Company] Telkom, will be listed on the international stock markets in New York, London, and Jakarta while PT Timah will be listed on the London and Jakarta stock markets.

#### **'Potential Conflict' With PRC Over Natunas**

**BK2006143895 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 20 Jun 95**

[FBIS Translated Text] Indonesia will continue to monitor China's intention to place the Natuna Islands within broken boundary lines on a map issued by that country. According to Hasyim Jalal, roving ambassador of the Republic of Indonesia in charge of the Law of the Sea, Indonesia has to do so because China has not responded to an Indonesian diplomatic note over the matter. In the note, Indonesia is asking China to clarify the map.

Speaking on the sidelines of the annual 29th meeting of the Institute of the Law of the Sea in Denpasar, Bali, yesterday, Hasyim Jalal foresaw a potential conflict in the South China Sea because the Natuna Islands contain the world's largest natural gas deposits. The deposits, which reach 45 trillion cubic feet, will be very beneficial for the economic development of the possessor. Indonesia itself and Exxon are investing 69 trillion rupiah for the exploration and exploitation of liquefied natural gas on the islands.

#### **Alatas Says ICJ To Handle Islands Dispute**

**BK2106134895 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 21 Jun 95**

[FBIS Translated Text] Indonesia will not hesitate to take the issue of the disputed Sipadan and Ligitan Islands to the International Court of Justice, ICJ, if the dispute cannot be settled during the upcoming unofficial ministerial meeting with Malaysia.

Speaking during a hearing with Parliamentary Commission I [Roman one] chaired by Abu Hasan Tarmizi in

Jakarta today, Foreign Minister Ali Alatas said after three meetings held between the working groups, the two sides had exchanged their arguments based on laws and various evidence but had yet to achieve a clearer decision toward the settlement of the dispute.

As such, during the recent Fourth Indonesia-Malaysia Joint Commission meeting on the disputed Sipadan and Ligitan Islands, it was decided that one representative from each country would meet in an informal meeting to seek settlement of the issue. The meeting will be conducted in a political manner and not based on points of law.

**Serbian Officials Meet Deputy Foreign Minister**  
**LD2006220895 Belgrade TANJUG in English**  
**2107 GMT 20 Jun 95**

[*"Pool"* item]

[FBIS Transcribed Text] Jakarta, June 20 (TANJUG) — Yugoslavia has asked Indonesia, the chairman of the Non-Aligned Movement, to actively take part in restoring to Yugoslavia the rights it had been stripped of, both in the movement, and in the United Nations.

Yugoslavia in particular requested for a renewal of full membership and the lifting of the international sanctions.

Yugoslav Deputy Foreign Minister Radoslav Bulajic and Ambassador Branko Brankovic met in Jakarta on Tuesday for talks with Indonesian Deputy Foreign Minister Inzar Ibrahim, and agreed that Indonesia should do everything to enable Yugoslavia to attend the 11th Non-Aligned Summit in Colombia as a full member.

The officials agreed that all should be done to bring about an end to the conflict in Bosnia through talks as soon as possible, as siding with one party and military action of any kind cannot bring about a solution.

The Yugoslav side said the activities of the Movement could be beneficial in regard to the crisis in the Yugoslavia only if the Movement was impartial, and took into consideration the existing talks within the U.N. and contact group and did not side with any of the parties involved in the Bosnian civil war.

Both sides said the options for renewing bilateral economic cooperation should be examined as soon as possible, in particular after the lifting of the mandatory and comprehensive sanctions on Yugoslavia.

**Suharto Receives Solomon Islands Minister**  
**BK2006143995 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 20 Jun 95**

[FBIS Translated Text] The Solomon Islands in the Pacific region is interested in learning from Indonesia's experiences, particularly in the sectors of agriculture and education as well as other aspects of development. This was stated by Foreign Minister Ali Alatas to reporters after accompanying Danny Philips, his counterpart from the Solomon Islands, who paid a courtesy visit on President Suharto at Merdeka Palace in Jakarta this morning.

According to Minister Ali Alatas, the president took the opportunity to brief the visiting minister on Indonesia's effort to promote greater South-South cooperation.

[Begin Alatas recording] All this while, Indonesia has undertaken efforts to enhance greater South-South cooperation, particularly in its effort to satisfy the mandate given by the Nonalignment Movement. For example, the president also briefed the minister about the agricultural trade program that has been smoothly progressing. Also, a payment scheme for the Growth Triangle, which is within the framework of technical cooperation between developing nations, has been well absorbed. [end recording]

Solomon Islands Foreign Minister Danny Philips will hold talks with other ministers during his visit to Indonesia which will conclude on Saturday.

## Philippines

**Proposed CCSAP May Solve Spratlys Issue**  
**BK2206082095 Manila MANILA STANDARD in English 20 Jun 95 p 4**

[FBIS Transcribed Text] The controversy over the Spratlys may still be resolved peacefully once the proposed Council for Security Cooperation in Asia-Pacific (CCSAP) is finally formed.

This was indicated by Paul M. Evans, an acknowledged expert on regional security, in a paper titled The Dialogue Process on Asia-Pacific Security Issues: Inventory and Analysis.

Evans attended the Consultative Conference on Development Security held at the EDSA Plaza in Mandaluyong City last June 13.

In a paper obtained by the Manila Newsfeatures and Commentaries, Evans recalled that the idea of CCSAP was enunciated at a meeting in Seoul in November 1992 and reinstated in a slightly modified form in Kuala Lumpur in June 1993.

For one reason or another, however, its establishment has been delayed.

As envisioned, the CCSAP will establish working groups to undertake policy-oriented studies on specific regional political-security problems.

Some of the topics being considered for the working groups include maritime cooperation in Southeast Asian waters, enhancing security cooperation in the North Pacific, and alternate conceptions of security in Asia-Pacific.

The APEC [Asia-Pacific Economic Cooperation] is composed of Australia, Brunei, Canada, China, Hong Kong, Japan, Indonesia, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Singapore, Thailand, Chile, the United States, and the Philippines.

Evans noted that for the past three or four years the dialog activities have been initiated by many different countries and institutes rather than an alliance leader or hegemonic power as in the past.

A consensus appears to be developing around the value and presence of something variously called a "multiplex," "multilayered" or "multifaceted" structure for Asia-Pacific.

One level is bilateral, both in the sense of bilateral diplomatic contacts between states and bilateral security arrangements especially between the United States and several partners around the Pacific.

These include formal treaties in the case of Japan, South Korea, Thailand, Canada, and Australia, and understandings in the case of Taiwan and several other countries.

A second is the situation-specific instruments for multilateral cooperation that have grown around specific disputes and areas of potential conflict. The multilateral activity focusing on Cambodia through the United Nations and regional efforts is one example.

Another is the set of activities attempting to resolve potential disputes in the South China Sea.

A third level is the effort to establish channels for dialog and consultation on a regional — that is, the ASEAN Regional Forum — and subregional — that is, the ASEAN itself — basis.

A fourth is the connection between regional processes and global ones, especially in areas such as nonproliferation and preventive diplomacy, usually involving institutions like the United Nations.

#### Joint Oil Exploration in Reed Bank Studied

*BK2206075895 Manila MANILA STANDARD  
in English 20 Jun 95 p 6*

[Report by Merlinda Manalo]

[FBIS Transcribed Text] An option by the Philippines to jointly explore oil with other countries in the Reed Bank, an area near the disputed Spratlys, will not be limited to China, a senior Foreign Affairs official said yesterday.

Foreign Affairs Undersecretary Rodolfo Severino, Jr. said officials are currently studying the legal constraints of entering into a contract with countries to jointly explore the Reed Bank to determine whether the Constitution allows it.

China has proposed joint oil exploration in the area during the recent visit of former Philippine Ambassador Alfonso Yuchengco to Beijing. Yuchengco was sent as a special envoy by President Ramos in an attempt to amicably settle its rift with Beijing over the Philippine-claimed Mischief Reef in the Spratlys, which is occupied by Chinese troops.

Reed Bank is only several kilometers west of Linapacan oil field off Palawan and lies within the Philippine exclusive economic zone (EEZ).

"We have to determine the legal regimes involved before entering into any agreement with another country in the Reed Bank. We have to determine the constitutionality and practicality of signing a contract," Severino said.

He, however, noted that the option of jointly exploring the Reed Bank will not exclusively rest on China's offer, since other countries, including the United States, can enter into an agreement with the Philippines on the venture.

"In fact, there was a Swedish company back in the 1980s which also proposed a joint exploration project with the Philippines in the Reed Bank," he said.

"We do not discriminate against any country. We are open to any contract as long as this is permitted by our laws," Severino added.

Last year, China protested Manila's attempt to allow an American oil company to search for oil in the Reed Bank, noting that the area lies within the South China Sea.

Manila, however, clarified that the study was limited to "paper exploration" of the area and will not include drilling and any other physical presence in the Reed Bank.

The potentially oil-rich Spratlys is being claimed in whole or in part by China, the Philippines, Vietnam, Brunei, Malaysia, and Taiwan.

**Ramos Welcomes Malaysian Monarch**

**BK2206025595 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 21 Jun 95**

[FBIS Translated Text] The Malaysian king and queen arrived yesterday. President Ramos and the first lady welcomed Malaysian King Yang Dipertuan Agung [Paramount Ruler] and Raja Permaisuri Agung Tuanku (Najiha). The two are visiting the country to strengthen cultural and business relations between the Philippines and Malaysia. Malaysian business delegates are scheduled to meet with their Filipino counterparts.

**Abu Sayyaf Death List Targets Officials**

**BK2206085895 Manila PHILIPPINE DAILY INQUIRER in English 19 Jun 95 p 19**

[Report by Rolly A. San Juan]

[FBIS Transcribed Text] Zamboanga City — More military and political figures are targeted for assassination by the Abu Sayyaf, according to information received by the Criminal Investigation Service Command [CISC].

Senior Insp. [Inspector] Willie Dangane, CISC district officer-in-charge, said an informant from Basilan who managed to infiltrate the Abu Sayyaf discovered that there were five names in the death list.

The targets are Southcom [Southern Command] Chief Lt. Gen. Edgardo Batenga, Rep. [Representative] Maria Clara Lobregat, Mayor Vitaliano Agan, former Southcom Chief Maj. Gen. Delfin Castro, retired Gen. Ernesto Calupig, and Dangane.

The hitmen hired by the Abu Sayyaf were reportedly promised P [pesos] 200,000 for Dangane's head.

"Too small a price has been put on my life," Dangane said. "But they should know I'm just doing my job. There's nothing personal here."

Dangane said the Abu Sayyaf hired new hitmen after two alleged assassins failed to carry out their mission last week.

A suspect identified as Ganier Hassan Jupackal, 32, of Campo Islam, was arrested while tailing Dangane. His companion, identified as Warid Adda, a reputed hired gun linked to a series of unsolved killings here, managed to escape.

Dangane disclosed that the five names in the hit list were "sentenced in a kangaroo court convened by the Abu Sayyaf."

He said the newly-hired hitmen have been identified only as certain Juri, Benhur, Jamaani, Baka, and Jumah, all said to be natives of Patta Island in Sulu.

**Supply Commander Dismissed Following Blast**

**BK2206025395 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 21 Jun 95**

[FBIS Translated Text] A blast from an old Army depot shook Malagutay Village in Zamboanga City yesterday. The blast killed a 12-year old boy and wounded 28 others. The boy was identified as Mark Orcias.

Southern Command Chief Batenga surmised that the blast was caused by phosphorous leakage from old bombs that were in military storage. President Ramos has immediately ordered the AFP [Armed Forces of the Philippines] Chief of Staff Arturo Enrile to dismiss Mariano Rivera, 9th military supply point camp commander, for negligence. Ramos has also ordered the officer to be placed under court martial.

**Thailand**

**Strict Conditions for SRV To Join AFTA**

**BK2206044495 Bangkok THE NATION in English 22 Jun 95 p 1b**

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Senior ASEAN economic officials have set four strict conditions for Vietnam's acceptance in the ASEAN Free Trade Area (AFTA) agreement.

"Since Vietnam will be accepted as a member of the Association of Southeast Asia Nations (ASEAN) in July, ASEAN economic officials agreed at their recent Senior Economic Officials Meeting (SEOM) in Jakarta, that Vietnam should be allowed to participate in AFTA as soon as possible," said Kroek-krai Chiraphaet, director-general of the Business Economics Department.

However, Vietnam must comply with four conditions before it will be granted AFTA membership, he said.

First, Vietnam must extend most-favored nation status to the six members of ASEAN.

Second, Vietnam should present a concrete plan for AFTA participation, including when and how Vietnam will apply for inclusion in the tariff reduction plan called Common Effective Preferential Tariffs (CEPT). ASEAN economic ministers hope a Vietnamese proposal will be ready for study at their September meeting in Brunei.

Third, Vietnam should be prepared to place goods with import tariff rates below 20 per cent into the CEPT scheme.

## SOUTHEAST ASIA

**Fourth, Vietnam should reduce its tariff rates on selected products to below five per cent by the year 2003, the same year other AFTA members are expected to meet the target.**

Vietnamese representatives that met with ASEAN officials could not guarantee adherence to the four conditions until policy makers in Hanoi had studied the proposal, Kroek-krai said.

ASEAN is very interested in knowing when Vietnam will begin tariff reductions in accordance with the CEPT scheme and when it can reach the zero per cent tariff target, he said.

Vietnamese officials told ASEAN that because its economic development is far behind other ASEAN nations, its tariff reduction beginning and completion dates should be different than the current AFTA plan.

However, Kroek-krai said, ASEAN believes that economic cooperation is for the mutual benefit of all parties involved and if Vietnam begins tariff reductions late it will enjoy tax reductions the other six countries cannot.

In another development, ASEAN Economic Ministers are considering methods of implementing the Brand-To-Brand Complementation (BBC) project.

A problem with car part exchanges arose when ASEAN economic ministers agreed in April to phase out the BBC project because it was less attractive to foreign investors than a completed CEPT agreement.

Kroek-krai said new projects that applied for the BBC prior to April 29 can enjoy its 50 per cent tariff cut, but ASEAN ministers must decide what plan will take precedence after that date.

SEOM is waiting for a recommendation from ASEAN economic ministers and an answer may be given at the Brunei meeting, he said.

Kroek-krai believes the BBC project should remain in existence as long as CEPT tariff rates remain high, but phased out when CEPT rates become more favorable.

He said car parts, one of items on the tariff exclusion list, will be brought into the agreement within five years of 1996, in 20 per cent per year slices.

When car parts qualify under CEPT, the BBC agreement should be abandoned, he said.

He also defended allegations that the Commerce Ministry proposed the phasing out of the BBC accord.

**Minister Disappointed Over French Nuclear Testing**

*BK2206065195 Bangkok BANGKOK POST  
in English 22 Jun 95 p 6*

[FBIS Transcribed Text] Thailand yesterday expressed disappointment over France's decision to resume nuclear testing in the South Pacific, saying it goes against the spirit of the international community's efforts to put a stop to nuclear proliferation.

"We feel deceived and disappointed," said Acting Foreign Minister Surin Phitsuwan. "France's decision has destroyed the confidence of Thailand and of other nations."

Thailand joins ranks with an increasing number of countries which have protested against France, among them Japan and the Pacific countries.

Malaysia was the first of the members of the Association of Southeast Asian Nations to protest earlier this week.

The Philippines followed on Tuesday lodging a diplomatic protest over France's "deplorable" decision and calling on ASEAN to denounce it for running counter to its desire to set up a zone of peace, freedom and neutrality in the region.

French Foreign Minister Herve de Charette was quoted by Reuters on Tuesday as saying that the decision was understood and accepted by "all France's partners".

France plans to resume a series of eight underground blasts between September 1995 and May 1996 at its testing site on Mururoa Atoll in the South Pacific, after a three-year moratorium expires.

The moratorium was introduced pending the revision of the 25-year Non-Proliferation Treaty which was due to expire this year.

Mr Surin recalled a resolution issued by a month-long gathering of some 165 countries in New York between April 10 and May 12 to review the NPT [Nuclear Nonproliferation Treaty], which calls for a suspension of nuclear testing.

The meeting agreed to an indefinite extension of the NPT and nuclear powers — Britain, China, the U.S. — should exercise the utmost restraint to avoid a nuclear race in the future.

Many of the 165 countries are currently in Geneva to discuss the Comprehensive Test Ban Treaty.

"We hope that (France's decision) would have no adverse effect on the outcome of the Geneva meeting," Mr Surin said.

He said Thailand had made known its disappointment to all nuclear powers through its embassies.

During the talks to review the NPT in April, Thailand and many members of the Non-Aligned Movement supported a fixed extension of the NPT to allow for evaluation of the application of the treaty and to prevent nuclear powers from stockpiling nuclear weapons.

#### New Cigarette Import Regulation Disputed

##### Foreign Exporters Challenge

*BK2106112195 Bangkok KRUNGTHEP THURAKIT  
in Thai 21 Jun 95 pp 1, 6*

[FBIS Translated Text] Japanese, U.S., and UK cigarette exporters point out that the promulgation of a ministerial regulation issued under Article 11 of the Tobacco Products Control Act of B.E. 2535 by the Public Health Ministry constitutes a violation of intellectual property rights.

A joint statement by the representatives of the cigarette exporters from the three countries and Thai cigarette importers said that they had officially submitted their petition to the Public Health, Commerce, and Foreign Affairs Ministries.

Moreover, the Japanese, U.S., and UK ambassadors have also sent letters to agencies under the Public Health Ministry to express "their concern" over the indifferent treatment of their request to discuss the problem with the public health minister and the violation of intellectual property rights as the result of the enforcement of the said ministerial regulation, which requires foreign cigarette producers, importers, and distributors to reveal the ingredients of their products.

Earlier, representatives of foreign cigarette producers and importers requested a formal meeting with the public health minister to discuss the practices in other countries as well as other issues related to the cigarette production process and legal and scientific issues. However, their request was treated indifferently.

The Public Health Ministry has reportedly asked the Juridical Council to expedite the drafting of the ministerial regulation so that it can be enforced before 2 July. It is said the new rule is designed to "bully" foreign cigarette makers and prevent them from penetrating the Thai market.

The importers noted that there are many "loopholes" in the regulation which even the Thailand Tobacco Monopoly cannot accept. Therefore, the ministerial regulation will be "unenforceable."

The ministerial regulation requires that cigarette importers and producers must disclose the ingredients of each brand of cigarette.

Justifying the issuance of the new regulation, Public Health Minister Athit Urairat said that it is necessary to know what substances are used in foreign cigarettes because they can be harmful to consumers.

Athit rejected the accusation that the new rule constitutes the violation of intellectual property rights, noting that public health officials, not the general public, will be informed of the cigarette recipes.

He said the Public Health Ministry has no intention of using the recipes for production in competition with foreign cigarettes. Therefore, it does not violate any intellectual property rights. Many countries have been applying this measure also to protect consumers.

The cabinet approved in principle the ministerial regulation on 16 May. After rewording by the Juridical Council, the ministerial regulation will be forwarded to the public health minister for endorsement and promulgation.

#### Health Official Responds

*BK2206105295 Bangkok KRUNGTHEP THURAKIT  
in Thai 22 Jun 95 pp 1, 6*

[FBIS Translated Text] The U.S., UK, and Japanese cigarette companies met last week and instructed their embassies to send official letters to the Commerce, Foreign Affairs, and Public Health Ministries asking the Thai Government to review the draft ministerial regulation which requires the disclosure of ingredients of every brand of cigarette on sale in the Thai market.

Dr. Hathai Chitanon, president of the Thai Institute of Health and former permanent secretary of the Public Health Ministry, said that the planned protest by the Japanese, U.S., and UK embassies against the ministerial regulation, issued under Article 11 of the Tobacco Products Control Act of B.E. 2535, would constitute "a violation of the Thai health sovereignty."

Dr. Hathai said that the three ministries should not bow to the demand of the cigarette exporters from the three countries. However, if the latter insisted on their demand, he said, "I will bring the issue to attention of the World Health Organization and inform the 31 member countries which will participate in the upcoming the Asian and Pacific conference on tobacco and health."

The maneuver by the foreign cigarette companies is against the principle of the WHO. Besides, the Thai

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Government has been working on this new rule for three years. Therefore, the regulation should not be scrapped.

Dr. Hathai is currently serving as the chairman of the organizing committee of the "Fourth Asian and Pacific Conference on Cigarette and Health," scheduled to be held at Pang Suankao Hotel in Chiang Mai Province from 22 to 24 November.

Dr. Hathai disclosed that the Juridical Council was requested to expedite the rewording of the ministerial regulation so that the Public Health Ministry will be able to promulgate it before the change of government.

Dr. Hathai said that the allegation that the ministerial regulation will constitute a violation of intellectual property rights was merely a trick to delay the passage of the regulation with a hope that some changes can be made after the new cabinet is formed.

A source in the Public Health disclosed that the U.S., UK, and Japanese embassies have contacted the Institute for Tobacco Consumption Control to seek copies of the draft regulation to send back to their countries for further study of its details.

Moreover, four cigarette companies from those countries have requested that the Excise Department, Foreign Affairs Ministry, Public Health Ministry, and the Intellectual Property Department relax the regulation.

Four importers insisted that the ministerial regulation, which was approved by the Cabinet on 16 May, violates intellectual property rights.

Since the United States, United Kingdom, and Japan have not enforced such a regulation, there is no precedence to judge if the enforcement violates intellectual property rights or not.

The source said that copies of the draft regulation were not yet given to the embassies because it must be first approved by the permanent secretary or minister of the Public Health Ministry, who are now fully occupied with other work.

The regulation, the source said, will be equally applied with both foreign cigarette companies and the Thailand Tobacco Monopoly.

#### Firms Step Up Pressure

*BK2206052395 Bangkok BANGKOK POST  
in English 22 Jun 95 p 3*

[FBIS Transcribed Text] Despite the Cabinet's approval of regulations forcing tobacco producers to inform the Public Health Ministry about the ingredients contained in their cigarettes, heavy lobbying has been continuing for the Council of State to make changes to the enforcement of the law.

Informed sources said many international tobacco firms whose sales will be affected by the law's enforcement have been continuously lobbying the Council of State to reconsider it or change the wording.

However, the Public Health Ministry has stood firm on enforcing the law and will today meet legal experts from the Council of State who have been considering the law so the matter can be immediately forwarded to the Cabinet for yet another approval, before enforcement.

The regulation, approved in principle by the Cabinet on May 16, is being considered by the Council of State to see whether changes to the legal wording are required before it is approved for enforcement.

Representatives of international tobacco producers have also been petitioning the Public Health, Commerce and Foreign Ministries to have the regulation forcing cigarette firms to disclose the ingredients of their cigarettes reconsidered, claiming it violates the General Agreement on Tariffs and Trade (GATT).

However, the Public Health Ministry has insisted that the law does not go against the GATT agreement.

The Director of the National Committee for Control of Tobacco Use, Waraphon Phumisawat, yesterday confirmed that the GATT agreement reached on October 5, 1990, was not affected by the ministry's enforcement of Article 11 of the Tobacco Products Control Act.

The agreement regarding Thailand's restrictions on the importation of cigarettes and the internal taxes on them agreed to on October 5, 1990 noted that the panel had stated that Thailand's principal objective in justifying its import restrictions were to protect the public from harmful ingredients in imported cigarettes and to reduce the consumption of tobacco products in the country.

"The measure could thus be seen as intending to ensure the quality and reduce the quantity of cigarettes sold in Thailand," the panel's report stated.

The report also stated that a non-discriminatory national regulation was in accordance with Article III: 4 requiring the complete disclosure of ingredients, coupled with a ban on unhealthy substances.

"The panel considered that Thailand could reasonably be expected to take such measures to address the quality-related policy objectives it presently pursues through an import ban on all cigarettes whatever their ingredients," the report stated.

Dr Prakit Watthisathukit of the National Committee for Control of Tobacco Use said Thailand's drafting of laws to support Article 11 of the Tobacco Products Control

Act was not intended to "bully" international tobacco producers.

Dr Prakit said tobacco firms should not fear that their products will have their contents exposed because the ingredients in them will be kept confidential and known only to the Public Health Ministry.

### Commerce Minister Rebuts EU Antidumping Charges

BK2206051295 Bangkok *THE NATION* in English  
22 Jun 95 p b3

[Article by Phatchari Luang-uthai from Bonn, Germany:  
"Regional Integration or Thinly-Veiled Protectionism?"]

[FBIS Transcribed Text] The European Union will hold a super summit called the Inter-Governmental Conference next year to discuss the long-term future of the 14-country bloc.

Germany, the engine of growth in Europe, has lobbied its EU partners to discuss a quickening of the integration process at the conference. The talks will be an excellent opportunity for Europe to explore its future options.

Currently, answers to many of the unresolved issues looming before the EU remain elusive. Thailand, like other nations outside the EU, exports a large portion of its economic output to union members and has spoken out loudly against some of the EU's trade regulations. The Thai government is gradually coming to the conclusion that the EU now presents more problems than opportunities.

The Thai attitude is prompted, in part, by the EU's threatened anti-dumping cases against Thailand. Earlier this month the Commerce Minister, Uthai Phimchaichon, sent an official letter to the vice-president of the EU commission, Leon Brittan, expressing Thailand's grave concern with the anti-dumping move.

Uthai also noted other contentious trade issues for the EU to consider, stating that pending cases cover the spectrum of Thailand's major exports to the EU.

First, the impression that Thailand is a prime target for EU trade actions is deepening, despite the fact the nation controls only a 1-3 per cent share of the EU market for products under scrutiny such as glutamic acid, steel pipe fittings, polyester yarn and magnetic diskettes.

Second, it is unacceptable that the Commission allowed a case to be brought against Thai polyester fabric based on evidence from its domestic industry.

Third, the effect of the initiation of antidumping proceedings, or even rumors of a complaints being prepared, is often sufficient to disrupt exports to the EU

market. However, the Commission should be prepared, at the very least, to inform Thai authorities about complaints before the anti-dumping committee.

The sharing of information would help to limit damage resulting from unsubstantiated rumors.

Fourth, Thailand has reminded the EU for the second time of a request for more information on the polyester fabric case but a reply has not been given.

Uthai pointed out that Thai exporters do not have comparable resources to their EU counterparts and must manually prepare antidumping defense information.

Furthermore, even if Thai exporters are able to respond quickly to an antidumping charge, their exports to the EU are often so small that the effort required to prepare a response is disproportionate to the charge.

Thailand warned the Commission that unless the concerns of Thai industries are genuinely addressed, the process of looking for alternative markets will be stepped up.

Thailand has the alternative of focusing more of its trade efforts on the Asia-Pacific region. However, seeking alternative markets to the EU will eventually push both sides into a corner, affecting long-term trade relations.

Uthai also argued that EU antidumping measures appear to be nothing more than a thinly veiled disguise for protectionism as long as the cases remain unsubstantiated.

Like Thailand, the United States also faces a major trade dispute with the EU and is threatening to bring its concerns before the World Trade Organization (WTO). The U.S. Secretary of Agriculture earlier accused the EU of violating trade rules by barring hormone-treated US beef from its market. He warned that unscientific health standards could derail efforts to develop worldwide free trade.

Within the EU, many private companies are complaining that some EU regulations are poorly designed and enforced, resulting in too much red tape.

The complaints surfaced following a study conducted by UNICE [expansion unknown], the main European business lobby, that found that companies were singling out tax, employment and environmental laws as significant problems reducing and inhibiting European business competitiveness.

**Ouster of Cambodia's Rangsi From House Viewed**  
**BK2206042395 Bangkok THE NATION in English**  
**22 Jun 95 p a4**

[Editorial: "Black-Letter Day in Phnom Penh"]

[FBIS Transcribed Text] Today looms as a day of infamy for Cambodia's young parliament.

First on the agenda is the formal expulsion of the National Assembly's leading voice of opposition — former finance minister Sam Rangsi. Following that, the chamber is expected to enact a repressive media law that will grant authorities wide-ranging powers to stifle public dissent.

Should this one-two blow to democracy and free speech come to pass, Cambodia will be taking a giant step back into its dark past.

When the unlikely coalition that now rules the country was conceived in the aftermath of the 1992 election, it was hailed as a "uniquely Cambodian" solution to the stand off between the electorally-victorious FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and the militarily-strong Cambodian People's Party.

Sadly, the ruthless way in which the leaders of these two parties have maneuvered to remove all opposition to their rule suggests that the result of the 1992 poll was more "typically Cambodian". Most worrisome is that these two legislative acts will trigger another typically Cambodian response and encourage popular opposition to go underground again.

In the absence of a true parliamentary opposition, the outspoken Rangsi has been virtually the only source of pressure for a true accounting of the National Assembly's actions. Despite his lone voice, Rangsi proved an acute embarrassment for his peers.

Rangsi, who was elected to the Assembly as an MP for northern Siem Reap Province, won plaudits from the international financial community when as finance minister he managed to balance Cambodia's first budget since the UN-sponsored elections in May 1993.

But it was his ceaseless attacks against corruption that earned him his most ardent foreign admirers and a growing support base among Cambodians, especially students.

Not surprisingly, Rangsi also began collecting enemies as well. Among the first was the country's powerful military, which Rangsi denounced for monopolizing logging concessions and spiriting away revenues much needed for Cambodia's many pressing social problems.

After losing his portfolio in an October cabinet reshuffle, he started to complain about a lack of transparency in contracts between the government and private companies.

He challenged a number of shady contracts including agreements which handed rights to operate Cambodia's new airline to a foreign company, the go-ahead for a \$1.3 billion casino resort and a huge logging concession that surrendered eight per cent of the entire country to a Malaysian timber company.

Invariably, his attempts to have the contracts reviewed and debated on the floor of the National Assembly were rebuffed. The likely last straw was his attendance at the March meeting of foreign donor countries to lobby for conditions to international aid which makes up almost half the country's budget.

One of most alarming things about Rangsi's expulsion is the mysterious circumstances under which it took place and the indications that a new reign of fear is taking shape inside Phnom Penh.

Several of the leading MPs whose names are on the order stripping Rangsi of his seat — a move of dubious constitutional validity in its own right — denied ever signing the petition. With the exception of King Sihanouk's half-brother, FUNCINPEC General-Secretary Prince Norodom Sirivut, these MPs have declined to go public.

Rangsi has vowed to fight on but ominously it looks more and more like his only access to the public will be through foreign publications or "outlaw" means like Khmer Rouge radio. Kicked out of parliament, the press muzzled and even his own telephone line cut, Sam Rangsi has become a symbol of the sad state of Cambodia's democracy.

First Prime Minister Norodom Ranariddh has expressed his enthusiasm for the "soft-authoritarian democracy" espoused by academics and bureaucrats in Singapore. Cambodia, though, is no Singapore. Instead, it is looking more like Burma where another group of hardliners hijacked government contrary to the wishes of the people.

What made Singapore the success it is today is accountability. And Phnom Penh stands poised to jettison two of its last links to public scrutiny — Rangsi and the press.

**Minister Dismisses Burmese Boycott**

*BK2206072995 Bangkok BANGKOK POST  
in English 22 Jun 95 p a6*

[FBIS Transcribed Text] Acting Foreign Minister Surin Phitsuwan yesterday brushed aside Burma's campaign to boycott Thai products in Myawadi in favor of those from China, Singapore, Indonesia and Malaysia.

He said the campaign was just another indication of Burma's skepticism over Thailand's policy of not interfering in its internal conflicts with ethnic groups.

Mr Surin maintained that Bangkok will not take its problems with Burma to the international level even though relations between the two have continued to deteriorate following a series of border incursions and Burma's order to suspend construction of the Thai-Burmese Friendship Bridge.

However, he admitted being surprised at receiving a report from the Thai Embassy in Rangoon, informing him of the campaign.

Anti-Thai leaflets, reportedly produced in Rangoon, were recently handed out to public and civil servants, with posters also being put up in the eastern Burmese border town opposite Mae Sot District.

Businessmen in Mae Sot suspect the move was initiated to help promote local products manufactured in Burma by foreign investors from Indonesia, Malaysia and Singapore.

"It will take time before Burma can resolve its internal problems," Mr Surin said. "We'll try to use mechanisms at all levels as we must resolve the problem."

He said past and present issues between Thailand and Burma would not affect Bangkok's policy to promote unity, reconciliation and understanding in the region so as to attract foreign trade and investment for regional prosperity.

Neither will these issues have an effect on the decision by the Association of Southeast Asian Nations to invite Burma to attend the annual meeting of its foreign ministers in Brunei next month as a "guest of the host," Mr Surin said.

Meanwhile relations at the local level between Mae Sot and Myawadi have become tense after the Burmese placed bunkers on the Thai-Burmese Friendship Bridge over the Moei River.

A large number of sandbags were placed on the Burmese side of the bridge. Construction of the bridge has been suspended since early this month.

The Myawadi authorities deployed 100 people to build a rock dike encroaching into the river, a bunker around a bridge pillar and a row of stakes in the river to weaken the current.

Thai local authorities asked the Burmese to explain, but no answer has been received.

The Burmese earlier asked the Thai contractor to stop constructing the bridge because they are not happy with some work extending into the water on the Thai side of the river. The river is regarded as a border line and Burma contends that no construction should be allowed on the river which causes the current to change.

Building of the dike appears to be a retaliatory measure.

**Bank Governor Defends Anti-Inflation Policies**

*BK2206072095 Bangkok BUSINESS DAY in English  
22 Jun 95 p 3*

[FBIS Transcribed Text] Defiant in the face of concerns about building inflationary pressures, Bank of Thailand Governor Wichit Suphinit yesterday insisted the bank was winning its war against rising prices.

The central bank governor pointed to a slowdown in loan growth to 20 percent during May, compared with 30 percent growth the previous month.

Mr Wichit was defending central bank policy in light of an OECD (Japan's Overseas Economic and Cooperation Development Fund) report that Thailand could not achieve its 5 per cent inflation rate target for the year.

The consumer price index rose an annualized 5.4 percent in both April and May.

Mr Wichit said the 10-baht rise in the minimum wage last month did not have a major impact on the inflationary trend, which has so far been kept at a manageable level.

He said the calculations and projections made by OECD appear to have been inaccurate.

The central bank governor pointed to a consistent rise in Thai exports and substantial foreign capital inflows in recent months as evidence of a healthy economy.

No policy changes in regard to the supervision and control of inflationary pressures are necessary at present, Mr Wichit said.

But analysts said the central bank faces a tough battle curbing inflation with high interest rates as foreign funds keep flowing into the country to seek higher deposit earnings.

They said the Bank of Thailand's restrictive monetary policy in place since January is being eroded by foreign

funds attracted by a six percent spread between Thai and foreign deposit rates.

"The incentive is enough to keep foreign funds flowing in," said Pricha Charungkit-anan, senior executive vice president of Chao Phaya Finance and Securities.

About \$2 billion in foreign funds entered Thailand from April to mid-May, the Nithiphat Capital finance and brokerage firm said in a recent report.

The central bank has kept its bond repurchase rate, a short-term money-market benchmark, high since January following an abrupt but short-lived flight of foreign capital in the aftermath of the Mexican peso crisis.

The average Thai interbank rate rocketed to 14.26 percent in March from 7.08 percent in December after foreign fund managers pulled money out of developing countries including Thailand.

The rate eased to 7.5 percent late last month after foreign funds returned but firmed again to 10 or 11 percent this week. Thai prime lending rates are now at four-year highs of 13.50 percent.

Thailand's gross domestic product is projected to grow 8.5 percent in 1995 for the second consecutive year, but bankers expect inflation to rise well above the central bank's 5 percent target.

Mr Pricha said he did not envy the central bank's job of preventing the Thai economy from overheating.

"The Bank of Thailand is at a difficult turning point of managing money supply and inflation," he said. "I don't know what the solution is."

Thira Atshakun of the Industrial Finance Corporation of Thailand agreed with Mr Pricha that the central bank faced a delicate task in using interest rates as a tool to keep inflation in check.

He said it would be risky for the central bank to induce interest rate cuts without boosting domestic consumption and fuelling inflation. "Interest rates should not go up or down in the current scenario," he said.

Mr Pricha said Thai interest rates were heading lower in tandem with an expected decline in U.S. interest rates. He expects Thai lending rates to ease half a percentage point by the fourth quarter at the latest.

The Thai Farmers Bank on Wednesday cut its time deposit rates of non-resident baht accounts by 2.0 percentage points to 10.0 percent.

### Liberization of Foreign Banks Put on Hold

*BK2206072295 Bangkok THAILAND TIMES  
in English 22 Jun 95 p 1*

[FBIS Transcribed Text] Bangkok — The liberalization of foreign banks will be delayed pending the formation of the new government.

Sources from the Finance Ministry said yesterday the plan to liberalize foreign banks is comprised of the three following items: rules for the upgrading of foreign banks' Bangkok International Banking Facilities (BIBF) to full branches; regulations for the second round of applications for running the BIBF; and rules for requesting the opening of more branches of foreign banks in Thailand.

The present government is unable to consider any plans which are scheduled for implementation in July.

As the new government is to be formed in July, the process to allow foreign banks to run more business in the country is subsequently delayed.

As Thailand has not set a fixed time for allowing foreign banks to expand their business, this delay should not cause any problems. However, Thailand has legislated that foreign banks must not open more than five full branches here before 1997.

Meanwhile, the Cabinet two days ago gave approval to regulations for the setup of five new banks as indicated in the financial master plan before financial liberalization.

Siam City Bank Plc (SCIB) President Som Chatusipithak announced the expansion of five new banks head offices in the provinces will create harsh competition in the banking business.

As well, more foreign banks will open their branches in Thailand in accordance with the financial liberalization policy. Therefore, local banks are warned to strengthen their operations in order to prepare for the upcoming competition.

"The government should have measures promoting the merger of local financial institutions in order to increase their competitiveness. It is believed that there will be more mergers if clear measures and regulations are issued," he said.

Banque Indosuez Bangkok Branch's branch manager Chakthip Nitiphon said the setup of new banks may be delayed for two-three years because of personnel and location shortages. Establishing new banks presents greater risks than taking over existing small- or medium-sized banks.

The new banks must offer better services than the existing ones, and charge lower fees to attract customers. It is quite risky for new banks as they have to open head offices in provinces as the banking market in Bangkok is virtually saturated relative to the provinces.

Bangkok Bank Plc (BBL) president Chatsiri Sophonphanit said he agreed with the government's policy to open five new banks. However, he suggests the new banks will face serious problems due to a personnel shortage.

The Laem Thong Bank Plc (LTB)'s Managing Director Gurdist Chansichawala said new banks must have a working target focussing on either retail, wholesale or investment banking. If new banks operate a variety of businesses during their initial stages of existence, they will face difficulties, in expanding operations. According to Gurdist, young banks should open branches nationwide if they plan to stress retail banking.

### Vietnam

#### Plans Laid To Launch Stock Exchange in 1997

*BK2106123095 Hanoi VIETNAM INVESTMENT REVIEW in English 5-11 Jun 95 p 12*

[FBIS Transcribed Text] A provisional board is scheduled to be formed early this month as a platform for launching the National Stock Exchange Committee (NSEC), according to a key official of the State Bank of Vietnam (SBV).

The source said last week that the establishment of the board, consisting of experts from SBV, the Ministry of Finance and the Ministry of Justice, was originally planned for May but was delayed due to the slow process of checking with relevant Government agencies.

According to an overall plan for the development of Vietnam's Stock Market in 1997, the NSEC will be the first step in the move towards establishing a stock exchange in Ho Chi Minh City, the nation's economic centre.

Another officer of SBV's Stock Exchange Bureau was quoted by AGENCE FRANCE PRESSE (AFP) as saying that a financial centre, a forerunner for the stock exchange, is planned in response to a call from Deputy Prime Minister Phan Van Khai. The financial centre, according to the officer, would be in District 1, where most banks are located.

However, the officer said that a detailed plan defining the infrastructure, status, guidelines and legal framework of the centre was not yet ready.

VIETNAM INVESTMENT REVIEW's source did not deny the plans but insisted that the establishment of such

a financial centre or a stock exchange facility must be the second step after NSEC is fully set up and a legal framework for the development of the stock market is ready to operate.

TUOI TRE [Youth] Newspaper has reported that the Singaporean-based Government Investment Company (GIC) recently submitted a proposal to Ho Chi Minh City's People's Committee for the financial centre, which would be located at Chuong Duong Square.

The proposal includes construction of facilities for the future operation of the stock exchange and equities market.

The plan has been agreed upon in principle by the People's Committee, and an evaluation commission was set up to review the proposal submitted by GIC. The commission is led by Tran Thien Tu, chairman of the municipal Board for Cooperation and Investment. The proposal will be forwarded to the Prime Minister for approval, after a joint working group finishes its plans and feasibility study.

#### Investment Needed To Improve Railway Network

*BK2106123295 Hanoi VIETNAM INVESTMENT REVIEW in English 5-11 Jun 95 p 23*

[Article by Cong Thanh]

[FBIS Transcribed Text] Vietnam is ready to start modernising its rail network to link up with the rest of Asia and beyond to Europe, but it will take US\$470 million of investment between now and the year 2000, according to Minister of Transport and Communication Bui Danh Luu.

"We're ready to be able to link up with international express transport," Luu told the 23rd session of the conference of the International Railway Cooperation Organization held in Hanoi last week.

He said that modernising the railroad industry in order to integrate into the international community was one of Vietnam's biggest programmes. "The Government pays very much attention to the programme to develop an express railway between Asia and Europe," he said.

Most member countries of the rail organisation, have railroad gauges of 1.435m and 1.52m, whereas Vietnam's national railroad is 1.0m. However, railway routes linking the capital Hanoi to Lang Son and Lao Cai towns — the most important frontier passes on the border between Vietnam and China have been 1.435m for many years. Both Vietnam and China are members of the rail organisation.

In 1989, the Hanoi-Lang Son-Huu Nghi Quan railway route was rehabilitated after laying in ruins for many

years. Despite the parity of the rail gauge between the two countries, trains still do not pass over the border. This, according to Luu, is due to several disagreements that exists on "the position for linking rails".

"Vietnam's Ministry of Transport and Communications and China's Ministry of Railway are going to have talks in order to establish route between the two countries," Luu said.

Vietnam's railroad network covers 2,600km of which 2,150km are 1.0m wide, with 450km at 1.435m. The country's most vital route is the 1,700km South-North link.

The volume of goods transported by train accounts for about 10 percent of the total volume transported in Vietnam — a small amount compared to other model of transport.

In comparison with rail systems in other countries, Vietnam's railway is much more backward at all levels including the locomotives, carriages, bridges, information and signalling.

But the system is not getting the cash injection required. Luu estimates that in the next five years around US\$470 million will be needed to modernise Vietnam's rail network.

Up to at the end of 1993, the railways operated at losses of over [Vietnamese dong] VND74.4 billion (US\$6.7 million). If the amortisation of real assets is included then the branch operated at losses of VND218.6 billion (US\$20 million).

The Government recently passed a plan to develop the railroad industry to the year 2000, in which the key will be modernising the national railroad network and increasing train speeds to over 100 km per hour.

There are two main projects being implemented. The Government will use Japanese Overseas Development Aid capital to invest US\$150 million in repairing and upgrading nine bridges along the south-north route. The aim is to reduce travelling time from 36 to 28 hours by the year 2000.

The second project is to build a US\$11.5 million facility in Danang for repairing locomotives and carriages. The project is being sponsored by Germany and is expected to be finished in 1998.

Vietnam is calling for build-operate-transfer investment for a project to build a rail link between Cai Lan port and the Lao Cai border. The project would cost about US\$170 million.

#### **Job Creation Fund for Urban Youth Established**

*BK1906085295 Hanoi VNA in English  
0739 GMT 19 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 19 — A fund to create jobs for youth in urban areas was set up recently by the Commercial and Industrial Bank of Vietnam, with the aim of carrying out effective economic production and service projects.

Low interest loans of up to 50 million VND (around USD 4,500) will be available, initially in Hanoi on trial basis, to school leavers, university graduates, demobilized soldiers and other youths who fail to find jobs. The loans with lending terms of less than 50 months will not be allowed to be used for [word indistinct] existing operations.

There are now in the country more than one million urban people of working age, including some 10,000 university graduates, who are out of work. The number increases every year by another 3,000 graduates and 10,000 soldiers who have completed their military service. The fund therefore needs financial assistance from economic establishments and charity organisations at home and abroad so that it can have at least 5,000 billion VND (about USD 450 million) to implement its project aim.

#### **Construction Begins on New Ben Hai Bridge**

*BK1606150495 Hanoi VNA in English  
0651 GMT 16 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 16 — Work started yesterday on a new bridge next to the historic Hien Luong Bridge spanning the Ben Hai River in the central coast, Ministry of Transportation and Communications told VIETNAM NEWS.

The six-span bridge, 241 metres long and 11 metres wide, is being built some 50 metres from the current bridge.

With the coming reconstruction of Highway 1, a new link over the river became critical. Total investment for the project was VND 21.4 billion (USD 1.9 million) and state-run Manufacture Corporation (GPO) from the former Soviet [Union] will provide technical assistance, said the ministry.

The current steel bridge, which is located about 560 km to the south of Hanoi, was built under the French colonial regime and has a length of 197 metres, said the ministry.

Forty years ago, it was used as the border gate dividing the country into north and south following the 1954 Geneva agreement on Vietnam.

Ten years later, when US intervention in Vietnam escalated to the point of direct US involvement, the bridge became one the first key targets for US bombs. Bombs continuously fell from the 17th parallel where the Hien Luong Bridge stands all the way to the 20th parallel in Thanh Hoa Province 300 km to the north.

During escalation of US bombing against northern Vietnam, which was at its most intense between 1968 and 1972, the bridge and its vicinity in Vinh Linh District was the hardest hit area.

The bridge was completely destroyed.

Some 600 tonnes of bombs and 800 artillery shells per square kilometre of land rained down on the region, according to some statistics released after the war.

Twenty years have passed since the war ended, however, numerous unexploded bombs and artillery shells still lie buried in the area. As a brutal reminder of the war, some people, including children, have been killed by explosions when ploughing in the fields and doing gardening .

The current Hien Luong Bridge was rebuilt in haste shortly after the war to serve traffic running on Highway 1.

The new one [is] scheduled to be completed in late 1997.

**Province To Clear Squatters From Dike Project**

*BK2206095595 Hanoi Voice of Vietnam Network  
in Vietnamese 1430 GMT 20 Jun 95*

[FBIS Translated Text] Ninh Thuan Province is executing plans to move 126 families living on the construction site of the Song Hin dike in the Phan Rang-Thap Cham area. The dike contruction project, which has suffered manpower and capital shortage, is not being carried out uniformly. Some houses that were demolished in 1994 have been rebuilt in this area. A cadastral official of My Hung subward has built a substantial two-story house at the foot of the embankment without any opposition from local authorities. As a result, many more families have dug water wells, encroached on land, and built both temporary and substantial houses along the embankment and the dike.

**Australia****French Nuclear Tests Drawing Retaliation****Evans To Recommend Action**

*BK2206015795 Hong Kong AFP in English  
0150 GMT 22 Jun 95*

[FBIS Transcribed Text] CANBERRA, June 22 (AFP) — Australian Foreign Minister Gareth Evans said Thursday he would recommend further retaliatory action against France over its plan to resume nuclear testing in the South Pacific.

Evans was to address a special cabinet meeting later, after returning empty-handed from Paris where he had led a delegation of South Pacific leaders to protest the test program.

He told parliament's upper house Senate that regional action would be taken by the 15-nation South Pacific Forum and "follow-up of an appropriate kind" by the Australian government.

"I will be putting a package of measures to the government later today which will do just that," Evans said.

During a meeting in Paris Monday, Evans failed to budge French Foreign Minister Herve de Charette from backing the tests.

President Jacques Chirac announced last week that France would conduct eight underground nuclear tests in the South Pacific atoll of Mururoa ahead of a comprehensive ban to be agreed by the end of 1996.

The Australian government has so far frozen defence links at existing levels and said it would refuse permission for French military aircraft and warships to refuel or land if they are connected with the weapons program.

**Retaliatory Measures Detailed**

*LD2206084395 Melbourne Radio Australia  
in English 0800 GMT 22 Jun 95*

[FBIS Transcribed Text] Australia will announce tomorrow a package of measures to retaliate against France for its decision to resume nuclear tests in the Pacific. The Australian foreign minister, Gareth Evans, will present the package to a cabinet meeting for approval later tonight or tomorrow morning.

Radio Australia's Canberra office says the measures are expected to include the withdrawal of Australia's ambassador from Paris, action in the United Nations and restrictions on French firms bidding for Australian Government contracts.

Australia's Prime Minister Paul Keating has told parliament that Australia would also seek a coordinated South

Pacific response. Mr. Keating has asked other leaders of the South Pacific Forum to consider the results of the unsuccessful forum delegation to France. He says South Pacific leaders have begun to respond with further steps the region could take to register concern at the French decision.

**Evans Defends Handling**

*BK2206063295 Melbourne Radio Australia  
in English 0500 GMT 22 Jun 95*

[FBIS Transcribed Text] Australia's Foreign Minister Gareth Evans says he will recommend further retaliatory action against France over its plan to resume nuclear testing in the South Pacific. Senator Evans will address a special cabinet meeting later today following his return from Paris where he led a delegation of South Pacific nations to protest the test program.

Alexandra Kirk reports from Canberra that the foreign minister has told parliament he will propose a package of measures as an appropriate follow-up.

[Begin recording] [Evans] I will be putting a package of measures to the government later today which will do just that.

[Kirk] Sen. Evans has defended the way he has dealt with the French in a wake of continued criticism from the opposition. Liberal Senator Richard Austin says Senator Evans' response has been too tame.

[Austin] Standing up for Australia, not rolling over like a pussy cat, a lady who has just been tickled by the French.

[Kirk] Senator Evans responded angrily, saying he has always put Australia's interests first and while the French decision has angered and distressed him, his job is to be effective and persuasive.

[Evans] What is not about is blowing your bag, having a great ejaculatory outlet, and believing you have done something credible. [end recording]

Meanwhile, the French ambassador to Vanuatu, (Jean Messiur), has defended France's intention to resume nuclear testing at Mururoa Atoll. Responding to criticism by South Pacific countries, Mr. (Messiur) said France had no alternative but to make the tests in order to ensure the safety and reliability of its nuclear arsenal.

Mr. (Messiur) said France understood the concerns of regional countries. However, the ambassador stressed that France considered the tests to be conducted between September and May were imperative to France's security.

Referring to the safety of the tests, Mr. (Messieur) said both French and foreign nuclear scientists had inspected Mururoa and had found that there had been no ecological consequences. He said France was ready to allow further inspections.

**Union To Disrupt French Shipping**

*LD2206084795 Melbourne Radio Australia  
in English 0800 GMT 22 Jun 95*

[FBIS Transcribed Text] French ships will face disruption when they try to dock and unload in Australian ports as unions join protests against the French nuclear testing program. As Heather McDonald reports, Australia's Maritime Union is leading the campaign of industrial action.

[Begin recording] [McDonald] The Australian Council of Trade Unions isn't waiting for the government. It has asked members to do what they can to protest against the French. The Maritime Union has already started. National Secretary John Coombs says dock workers will create as much disruption as they can when French ships dock here.

[Coombs] So they will get off schedule, and that's the biggest problem that a ship can encounter. It has a compounding effect around the world and should bring the maximum pressure on this French president to change his decision. [end recording]

**Keating Berates G-7 on Trade Liberalization**

*BK2206080295 Melbourne Radio Australia  
in English 0630 GMT 22 Jun 95*

[From the "International Report" program]

[FBIS Transcribed Text] The Australian prime minister, Paul Keating, has criticized the G-7 group of industrialized countries for their lack of interest in trade liberalization. Instead, he said the initiative was being taken by the APEC [Asia-Pacific Economic Cooperation] members, whose efforts could well have produced the necessary impetus for another world trade round. More from Wong Puan Wah:

[Begin recording] [Wah] Speaking at a close of an international business conference in Sydney, Mr. Keating took the opportunity to have a go at the G-7 group of rich nations.

[Keating] When you can see with the G-7 these days how little instinct they have for further trade liberalization within that constituency. You might remember when President Clinton raised his initiative in Italy at the last meeting before last of the G-7, he was given a polite no by the French.

[Wah] Last year, at the Indonesian city of Bogor, the 18 APEC nations agreed on an agenda of free trade among its members by the year 2020. The next APEC leaders' meeting in Osaka in November would give further expression to this declaration. Mr. Keating said given the lack of interest on trade liberalization among the G-7 members, it could all be left to APEC to provide the impetus for another world trade round.

[Keating] At any rate, whether it does or does not, it will make this part of the world far more, far more easy to do business with, far more opportunities. And Asia will be taking, [changes thought] East Asia will be taking the opportunities of economic growth and market access to continue the growth. So, while Western Europe is still doing 1.5 to 3 percent or something at that order and North America is in the sort of two to three area, the rest of Asia will be moving along.

[Wah] In a reference to the trade dispute between the United States and Japan and China, Mr. Keating said one of the facts that is not generally appreciated by the American population is that the U.S. exports to East Asia are growing at three times the rate of East Asian exports to the United States.

[Keating] In other words, the greatest growth market for the United States is actually in Asia. And that's why trade protectionism is such a waste of time for the United States and why embracing multilateral solutions is best for it and the rest of us apart from the sense of keeping, of keeping the United States and North America by strategically and commercially engaged in Asia.

[Wah] The Australian prime minister also referred to the time when Australia was a protected economy — a period he called the Rip Van Winkle years. He said Australia paid a heavy price for its mistake and had to undergo some very painful restructuring to reach the present stage where its economy is competitive and globally oriented. [end recording]

**Croatian President Continues State Visit**

**Meets With Keating**

*LD2006204395 Zagreb HTV Television  
in Serbo-Croatian 1730 GMT 20 Jun 95*

[FBIS Translated Excerpt] Over the past 150 years, more than 100,000 Croats have invested their knowledge, work, and efforts in the development of Australia, Australian Prime Minister Paul Keating stressed during talks with Croatian President Tudjman. The talks were held in the Federal Parliament in Canberra where the Croatian state delegation arrived today, on the third day

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of their visit to Australia. Jozo Curic reporting from Canberra. [passage omitted]

[Curic] President Tudjman thanked Australia for having recognized the Croatian state. He stressed that he attached a great importance to the visit. He spoke about the huge role of the Croatian community in Australia in the development of relations between the two countries.

[Begin Tudjman recording] Many Australian citizens perhaps do not even know that the Croatian immigrants in Australia belong to one of the oldest European nations or that they had to leave their homeland not only because of economic reasons, but primarily because of political reasons. [end recording]

[Curic] After a brief comment on history, the president touched on all issues relevant for Croatian policy. He stressed Croatia's good relations with the EU and the United States. He added that the world considered Croatia as one of the most stable factors in the region. Speaking about the crisis in Bosnia-Herzegovina, Tudjman spoke in favor of the Federation of Bosnia-Herzegovina and its confederation with Croatia. [passage omitted]

[Begin Tudjman recording] I am convinced that the presence of such a large number of Croats, who have become eminent citizens of Australia, as well as our mutual interests, will contribute to relations between Australia and Croatia developing on as broad basis as possible. This is because it is in the interest of both countries and both nations. Although we are geographically miles apart, we are linked by mutual interest in securing peace in the modern world, which is facing difficulties in many parts. These difficulties are perhaps nowhere as acute as they are in the current crisis in Bosnia-Herzegovina. [end recording] [passage omitted]

#### Attends Canberra Embassy Opening

LD2106093395 Melbourne Radio Australia  
in English 0900 GMT 21 Jun 95

[FBIS Transcribed Excerpt] A Croatian embassy has been opened in Canberra before a large gathering of the diplomatic community. Before the official opening, visiting Croatian President Franjo Tudjman addressed around 8,000 Croatian immigrants outside the embassy, saying it was an historic moment. [passage omitted, quoting former unofficial Croatian envoy]

#### Speaks at Embassy Opening

LD2106214495 Zagreb HTV Television  
in Serbo-Croatian 1730 GMT 21 Jun 95

[Speech by Croatian President Franjo Tudjman at the opening of the new Croatian Embassy building in Canberra on 21 June — recorded]

[FBIS Translated Text] On behalf of the Croatian state delegation, I thank you for this very warm welcome and I congratulate you on the opening of the Croatian Embassy. This is the embassy of the free, independent, sovereign, and internationally recognized state of Croatia. [applause]

The building of this very beautiful embassy is proof and evidence of the rebirth of the Croatian people, the resurrection of free Croatia, the resurrection of that independent Croatian state which we had from the seventh to the 12th century. The Croatian state which was later repressed in the lives of the Croatian people by other state communities such as the Hapsburg monarchy and the former Yugoslavia. We have emerged from this history having preserved our national state integrity. Five years ago we set up our independent sovereign Croatian state, showing the world that the Croatian people is one of the oldest European peoples, that it has preserved its national consciousness, and that it has established its democratic state in pride and in honor of all those generations who lived and died in order for us to achieve our independent and autonomous state. [applause]

You, Australian Croats, have made a great contribution to the preservation of the national awareness of the Croatian people and the struggle of the Croatian people for its freedom. You have made a great contribution to the setting up of independent Croatia and the defense of Croatia from the Yugo-Communist and Serbian aggression. [applause]

This most beautiful building of the Croatian state embassy has sprung from the depth of your souls, Croatian souls, and in this way, through your own work and intellect, you have created a small corner of free and independent Croatia here in distant Australia. With your intellect, your work, you have proved how this Croatia has found its place in the ranks of free states of the world, has become not only a member of the United Nations but also a state recognized by international factors, a recognized state in southeastern Europe. You have built this embassy building, of which they tell me that there is none more beautiful in the capital city of Australia, here in Canberra. Well done! [applause]

To the committee which headed this construction work and to all you Croats in Australia who in one way or

another have contributed to the building of the embassy, I express my gratitude as head of state of Croatia and on behalf of the entire homeland. May this work be a credit to you. It will attract the attention not only of all the embassies here in the capital of Australia but will also have an impact throughout the world. [applause]

**Government Regrets Misunderstanding With Kenya**  
*BK1806132395 Melbourne Radio Australia  
in English 1100 GMT 18 Jun 95*

[FBIS Transcribed Text] The Foreign Affairs Department has expressed regret that the Kenyan Government has taken offense at remarks by Australia's high commissioner in Nairobi. Kenya's president, Daniel arap Moi, has ordered the high commissioner, Lawry Herron, to return to Canberra for further instructions. The president gave few details but said Mr. Herron's remarks had been intended to incite bloodshed. Political correspondent Graham World reports that Mr. Herron addressed the university graduation ceremony in Nairobi eight days ago:

[Begin World recording] According to a Foreign Affairs Department spokesman in Canberra, Mr. Herron's speech dealt with the role of graduates in society, their hopes and aspirations, encouraging them to use their qualifications for Kenya's good. Mr. Herron was subsequently called in by the Kenyan Government and an official protest lodged with the Australian Government. The spokesman says it is apparent real offense was taken at the remarks, but was completely unintended and it is a matter of regret that it's been interpreted that way. Kenya's high commissioner, Njuguna Mahugu, is still in Canberra. He was said to be playing golf this afternoon. [end recording]

**French Polynesia**

**Nuclear Protestors Block Governor's Home**  
*BK2206022095 Hong Kong AFP in English  
2005 GMT 21 Jun 95*

[FBIS Transcribed Text] PAPEETE, June 21 (AFP) — Demonstrators opposed to the resumption of French nuclear tests in the South Pacific blockaded the home of French Polynesia's territorial governor Wednesday, trapping him inside.

About 50 police later moved in to dislodge the protestors from outside the home of Governor Gaston Flosse. They resisted only briefly. Seven were arrested but are expected to be released on their own recognizance.

The demonstrators were with the Pomare Party, formed about 10 years ago by Joinville Pomare, a direct descendent of the Pomare royal family here, to fight

for the return for what they call Polynesian ancestral lands.

Pomare Party supporters number only in the hundreds but have been very active in fighting nuclear tests here. They have frequently used the tactic of occupying property to demand its return.

Governor Flosse reached by telephone, said before the police moved in that he was "worried" for his family's sake.

"I am like all Polynesians," he said. "The decision to resume tests was not made by me but my government and all of us must assume the consequences."

**New Zealand**

**Minister: France 'Foolish' To Cut Pacific Aid**  
*LD2206085895 Melbourne Radio Australia  
in English 0800 GMT 22 Jun 95*

[FBIS Transcribed Text] New Zealand says it would be foolish of France to cut aid to South Pacific countries which criticize its nuclear testing program. The disarmament minister, Doug Graham, said France had already insulted South Pacific countries by announcing the resumption of tests in French Polynesia. He said France would be aggravating this insult if it cut its aid and would put further strain on its already very strained relations in the region.

Mr. Graham was a member of the South Pacific Forum delegation which visited Paris earlier this week to protest over the French testing announcement. A French Foreign Ministry spokesman said later that France might consider cutting its aid to the region if the forum decided to downgrade its relations with the Paris government.

**Papua New Guinea**

**Opposition Leader Seeks To Break French Ties**  
*LD2206103195 Melbourne Radio Australia  
in English 0800 GMT 22 Jun 95*

[FBIS Transcribed Text] The leader of one of Papua New Guinea's [PNG] political parties is calling on the Papua New Guinea Parliament to make a stronger protest over the French decision to resume nuclear testing in the South Pacific. Papua New Guinea's prime minister, Sir Julius Chan, has already rejected a boycott of the South Pacific Games in French Polynesia in August. However, Sean Dorney reports that the mood of the parliament may be for tougher action than just a verbal protest against the resumption of French nuclear tests.

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[Begin Dorney recording] PNG's former village services minister and leader of the League for National Advancement, John Nilkare, has proposed a motion be debated in the parliament calling on the executive government [as heard] to break off all trade and diplomatic relations with France and cancel any PNG representation at the coming South Pacific Games. Mr. Nilkare claims the diplomatic protest is not strong enough considering what he calls the French Government's arrogance and its utter contempt for the Pacific people. .

Sir Julius Chan says the Tahitians had no say in the French nuclear testing decision, and the boycott of the games would not be fair on them.

Sean Dorney, Port Moresby. [end recording]

### Western Samoa

#### Games Pullout Set To Protest Nuclear Tests

*BK1906062195 Melbourne Radio Australia  
in English 0500 GMT 19 Jun 95*

[FBIS Transcribed Text] Western Samoa has pulled out of the South Pacific Games [SPG] in protest against the

French decision to resume nuclear testing at Mururoa atoll. The games will be held in French Polynesia in August. Erina Reddan reports:

[Begin Reddan recording] Western Samoa is the first country to withdraw from the games held every four years. Prime Minister Tofilau Eti Alesana says the decision is a protest. Fiji has indicated in the media that it will follow suit but has not formally withdrawn. A special adviser on Pacific affairs in French Polynesia, (Alec Ata), says the Cook Islands has told him it will attend. Papua New Guinea also says it would rather not mix politics and sports. (Mr. Ata) says a lot of preparations has gone into the game and it would be waste of money if that don't go ahead. French Polynesia last hosted the game, the biggest regional event, in 1971. [end recording]

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